the Freeman

Ideas on Liberty

MAY 1968

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boredom without hope,
war without victory, and
statistics without end."

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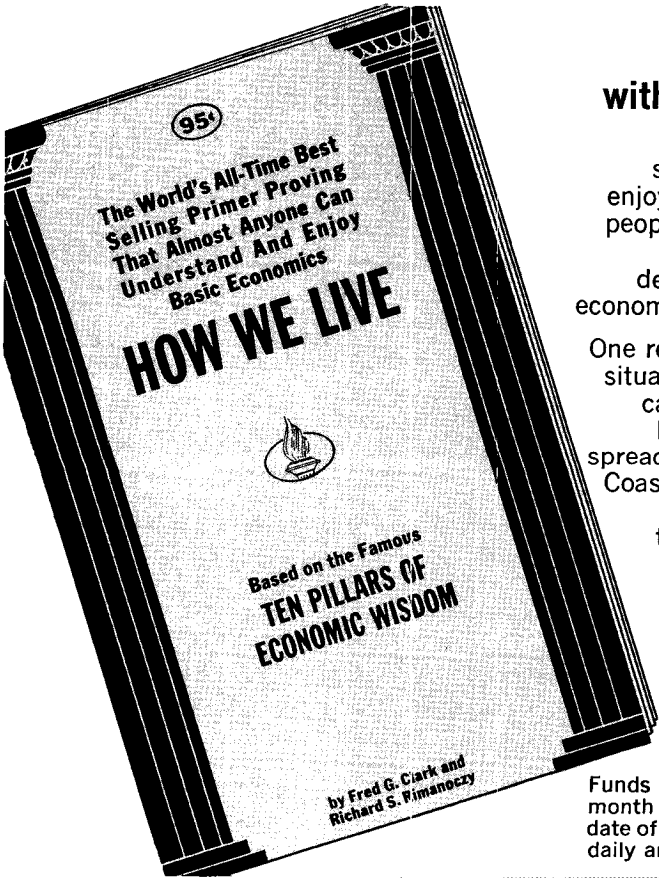
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A MONTHLY JOURNAL OF IDEAS ON LIBERTY

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THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a nonpolitical, nonprofit, educational champion of private property, the free market, the profit and loss system, and limited government, founded in 1946, with offices at Irvington-on-Hudson, New York. Tel.: (914) 591-7230.

Any interested person may receive its publications for the asking. The costs of Foundation projects and services, including THE FREEMAN, are met through voluntary donations. Total expenses average $12.00 a year per person on the mailing list. Donations are invited in any amount—$5.00 to $10,000—as the means of maintaining and extending the Foundation's work.

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FREEDOM:

"Wave of the Future"?

EDWARD P. COLESON

IN 1883 an obscure German refugee died in a London slum. A half dozen or so attended the funeral and one of his friends said a few kind words over his remains. Although the deceased had had the advantages of a university education when this was a rare privilege and his wife came of the upper class in her native Germany, the family had lived for years under the most wretched conditions imaginable in a sordid slum while he spent his time in the reading room of the British Museum writing endlessly, piling up heaps of illegible manuscript, much of which was not published until after his death.

The writer was Karl Marx and the friend who supported him over the years, bade him the last farewell, and finally published volumes two and three of his monumental work was Friedrich Engels, son of a wealthy industrialist. Certainly, no "prophet" ever died a more complete failure. Yet no "gospel" has ever spread more rapidly. If present trends continue and communism maintains its current rate of growth, it would be very possible that Marxism could dominate the earth completely by the centennial of the death of its author; that is, by 1983 – just in time to provide the setting for George Orwell's *1984*!

Dr. Coleson is Professor of Social Science at Spring Arbor College in Michigan. His latest book, *The Harvest of Twenty Centuries* (1967), pertains to Christian education and the global crisis.

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Small Beginnings of Mighty Movements

Many men of good will in our time have been completely overwhelmed by the march of events in today's world: the seemingly inevitable and inexorable sweep of communism across the earth, the spread of violence here and almost everywhere, the collapse of ethical standards, and all the other symptoms of disintegration all about us. One of their problems is that they fail to understand the growth of movements across the ages and thus are unduly depressed with the present outlook because they cannot see the possible developments of tomorrow. They are not alone in their pessimism. Late in his life Karl Marx lost all hope for the future of the "cause" he had given his life to promote and was very despondent, because he could *not* see that it would take a generation or two for his efforts to bear fruit. He died a broken-hearted old man. Twenty years later, in 1903, which was just 65 years ago, Lenin launched his Bolshevik organization with perhaps seventeen supporters – still nothing to get excited about but much more significant than his contemporaries could possibly have imagined.

Of course, the socialist movement was much more than Marx or Lenin, and was long in the making, but even perceptive men of the time failed to see how very successful they were becoming. According to Margaret Cole,[1] H. G. Wells, a pioneer British Fabian Socialist, offended his fellow Fabians back in 1905 by reminding them how "shabbily poor" and insignificant their little organization really was. He insisted the members were generally inactive and the tracts they distributed were feeble indeed. He said they permeated "English society with their reputed Socialism about as much as a mouse may be said to permeate a cat." He then challenged them to go out into the Strand and see the enormous capitalist establishments of London which were going about their business as if there were no socialist threat – as indeed there seemed not to be. One might comment that whatever competence H. G. Wells had as an historian, he was certainly no prophet. He simply could not see how well they were doing and how swiftly they would take over England. But the seed was sown and would mature throughout the world, given time, as we are so painfully aware today.

Lest the reader may assume that the communists have some magic formula for success – that it is indeed the "wave of the future," as

[1] Margaret Cole, *The Story of Fabian Socialism*, pp. 119-120.

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they themselves claim – let us examine a few other movements to see how they tend to grow.

Christ and Mohammed

In 29 or 30 A. D. a Galilean carpenter was crucified at Jerusalem by the Roman governor to appease the populace. He had twelve disciples, but one betrayed him. Only one followed him to the cross. Yet, thirty-five years later Christians were sufficiently conspicuous around Rome, 1,500 miles away across the Mediterranean, so that Nero noticed them and thought of blaming them for the Great Fire after he burned the "Eternal City" in 64 A.D. In spite of the most systematic and awful persecution, the Church triumphed over her enemies and became the official religion of the Roman Empire within three centuries after the Crucifixion. The teachings of the Master also spread far beyond the frontiers of the civilized world and helped to soften the blow of the fall of Rome. Christian missionaries had already partially conquered the barbarians with the Gospel of the Prince of Peace, which helped to mitigate the horrors of the collapse of civilization.

During the long centuries of darkness which followed the collapse of Western civilization, another faith arose not far from the birthplace of Judaism and Christianity in the Near East. Its origins were humble and unpromising also, but its triumph was indeed spectacular. In 632 A.D. an illiterate Arabian camel driver died. Ten years before, he had escaped from Mecca when his neighbors refused to listen to his new religion and became impatient with his insistent demands that they give up their idols. The would-be prophet was received with enthusiasm away from home and lived to see his new faith triumphant in Arabia.

The Moslem "blitzkrieg" (lightning warfare) speedily conquered Alexander's old empire in the East and all of North Africa in the West. Within a lifetime the followers of the Prophet had won more territory than Rome ruled at its height. The Mohammedan flood was stopped at the gates of Constantinople in southeastern Europe, but in the West they were more successful. Here, they poured into Spain and on into France, as if the world were theirs for the taking. Never was the Christian West in greater peril: "The crescent was about to round to the full." In 732, a century after the death of Mohammed, the Moslem advance was repulsed at Tours in west-central France. Thus, another great movement was born in another unlikely spot and grew beyond belief to become a mighty

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force in the earth. And many other examples could be cited.

Keynes' "Economic Utopia"

Now, it would be a great mistake to assume that just anyone who gets up on a soap box can set off a chain reaction which will sweep the world; most such attempts obviously die on the vine. While it would clearly exceed the limits of one brief article to explore the *why* of the rise of movements in human history, perhaps we can at least partially trace the growth of freedom in the West during the last two or three centuries and understand the reason for the rapid rise of totalitarianism today. Such a survey should help us to see also what the future may hold in store for us.

Before we attempt this overview of the path we have been following over the years – and, as Robert Frost would say, the "road not taken" by modern man – a quick glimpse of contrasting periods of history may be most edifying. Such an attempt presents real difficulties, of course, since the problem of bias is very real indeed. I'm thinking especially of the history of England and the United States over the past two centuries.

T. S. Ashton notes that according to an exceedingly common view, "the course of English history since about the year 1760 to the setting up of the welfare state in 1945 was marked by little but toil and sweat and oppression."[2] To counter this mistaken idea may I quote the British godfather of the American New Deal, John Maynard Keynes himself.[3] Lord Keynes, who was born in 1883, the year Karl Marx died, tells how he grew up in the "economic Eldorado" of the late Victorian period when people had forgotten Malthus and his gloomy predictions of mass starvation, when products moved quite freely across frontiers over all the earth and men could travel to any land "without passport or other formality," when men could get any quantity of gold their credit would command and invest it anywhere they might desire. Indeed, Keynes describes this "economic utopia," what one might call our "Paradise Lost," in even more glowing terms than I would.

Actually, his high praise of this era of freedom and rapidly rising living standards is quite like the estimate of Benjamin M. Anderson, although Anderson and Keynes may have agreed on little else. In the opening pages of his *Economics and the Public Welfare,* Anderson reminds us:

---

[2] F. A. Hayek (ed.), *Capitalism and the Historians,* pp. 33-34.

[3] J. M. Keynes, *The Economic Consequences of the Peace,* pp. 10-12.

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Those who have an adult's recollection and an adult's understanding of the world which preceded the first World War look back upon it with a great nostalgia. There was a sense of security then which has never since existed. Progress was generally taken for granted . . . decade after decade had seen increasing political freedom, the progressive spread of democratic institutions, the steady lifting of the standard of life for the masses. . . . It was an era of good faith. Men believed in promises. Men believed in the promises of governments. Treaties were serious matters. In financial matters the good faith of governments and central banks was taken for granted. Governments and central banks were not always able to keep their promises, but when this happened they were ashamed. . . . In 1913 men trusted the promises of governments and governments trusted one another to a degree that is difficult to understand today. The greatest and most important task of the next few decades must be to rebuild the shattered fabric of national and international good faith. Men and nations must learn to trust one another again. Political good faith must be restored. Treaties must again become sacred.[4]

The Complex World of 1776

Now, many of my contemporaries would allow that what Keynes and Anderson said about the prewar period might be true; but they insist that what was feasible back then is no longer possible in this "complex modern age." People today consider, and quite correctly, too, that life was less complicated back in the "Gay Nineties" or the "horse and buggy days." By an extension of the same logic, Adam Smith's world of 1776 should have been very simple indeed since he wrote *The Wealth of Nations* at what might be called the dawn of the Industrial Revolution. As a matter of fact, Smith was writing his great work which supplied the ideas for the new age while one of his friends, James Watt, was perfecting the steam engine which was to supply the power.

But this was no age of simplicity. This was an era of astounding complexity. Smith never lived to see those simpler times which were in part an outgrowth of his own economic and political philosophy. *The Wealth of Nations* is filled with the writer's protests against what he considered the inane and oppressive restrictions of the mercantilist period of which he was an unwilling part. Much is said in history courses about mercantilism and "a favorable balance of trade." But suffice it to say, for our present purpose, that mercantilism was an attempt by the government, through a plethora of controls, to regulate the

[4] Benjamin M. Anderson, *Economics and the Public Welfare*, pp. 3-4.

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nation into prosperity. Some notion of the widespread nature of these regulations and their practical consequences may be gained from historian Henry Thomas Buckle's characterization of the period:

> In every quarter, and at every moment, the hand of government was felt. Duties on importation, and duties on exportation; bounties to raise up a losing trade, and taxes to pull down a remunerative one; this branch of industry forbidden, and that branch of industry encouraged; one article of commerce must not be grown, because it was grown in the colonies, another article might be grown and bought, but not sold again, while a third article might be bought and sold, but not leave the country. Then too, we find laws to regulate wages; laws to regulate prices; laws to regulate profits; laws to regulate the interest of money; custom-house arrangements of the most vexatious kind, aided by a complicated scheme, which was well called the sliding scale, — a scheme of such perverse ingenuity, that the duties constantly varied on the same article, and no man could calculate beforehand what he would have to pay . . . the first inevitable consequence was, that, in every part of Europe, there arose numerous and powerful smugglers, who lived by disobeying the laws which their ignorant rulers had imposed.[5]

[5] Henry Thomas Buckle, *History of Civilization in England*, Vol. I, pp. 201-202.

Abolish Restrictions

Adam Smith's cure for the confusion of his age was straightforward enough: simply let the government sweep away the endless maze of controls and let people take care of their own business in their own way. Some notion of how involved mercantilist regulations could become may be judged from the fact that it took over three thousand pages to print the regulations for the textile industry of France – and all of this before the beginning of the industrial age which is supposed to have made life complicated. Even then, they were changed with such bewildering rapidity that no one could keep up with the latest orders. French weavers once went through a whole season without moving a shuttle while waiting for the government to make up its mind. Penalties were so severe that no one could afford to disregard the codes: offenders were hanged, broken on the wheel, or sentenced to the galleys. No less than 16,000 people are said to have perished over – of all things – the regulations covering printed calicoes. Little wonder that Smith rebelled against the needless restrictions, although England never carried the system to the absurd length that France or Spain did.

However, Smith was no anarchist. He sought rather to reduce

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the legal code to the simplicity of the moral law. He felt that sweeping away the complex and devious economic regulations of mercantilism would relieve the government of an intolerable administrative burden (the task of minding everybody's business) and permit the sovereign to concentrate on what Smith regarded as the true duty of the state:

> All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society. According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society.[6]

Adam Smith and British Greatness

We commonly assume that it was all very easy for Adam Smith, great man that he was, to straighten out the world of his day. Actually, Smith was a rather obscure Scottish professor. While traveling in the mid-1760's, he stopped off to see a little group of French philosophers who were pondering the problems of France and mankind, although nobody was paying much attention to them, either. They called themselves Physiocrats, which means the "rule of nature."

The founder of this "school" of economics was François Quesnay, a self-made man who so distinguished himself as a physician that he became Louis XV's per-

[6] Adam Smith, *The Wealth of Nations*, Everyman's Library, Vol. 2, pp. 180-181.

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sonal doctor. According to Henry George's account, Quesnay,

> . . . abstaining from the intrigues of the court, . . . won the sincere respect of Louis XV (who) made him a noble, gave him a coat of arms, assigned him apartments in the palace, calling him affectionately his thinker . . . . And around . . . this "King's Thinker" was accustomed to gather a group of eminent men who joined him in an aim the grandest the human mind can entertain — being nothing less than the establishment of liberty and the abolition of poverty among men, by the conformation of human laws to the natural order intended by the Creator. These men saw what has often been forgotten amid the complexities of a high civilization, but is yet as clear as the sun at noonday. . . .
>
> That these men rose in France, and as it were in the very palace of the absolute king, just as the rotten Bourbon dynasty was hastening to its fall, is one of the most striking of the paradoxes with which history abounds. Never, before nor since, out of the night of despotism gleamed there such clear light of liberty. They were (however) deluded by the idea . . . that the power of a king . . . might be utilized to break the power of other special interests, and to bring liberty and plenty to France, and through France to the world. They had their day of hope . . . when in 1774 . . . Turgot was made Finance Minister of Louis XVI, and at once began cutting the restrictions that were stifling French industry. But they leaned on a reed [the King]. Turgot was removed. His reforms were stopped. The pent up misery of the masses . . . burst into the blind madness of the great revolution [in 1789]. The Physiocrats were overthrown, many of them perishing on the guillotine. . . .
>
> On the continental trip he made between 1764 and 1766 . . . Adam Smith made the personal acquaintance of Quesnay . . . and was, while in Paris, a frequent and welcome visitor at the apartments in the palace, where, unmindful of the gaieties and intrigues of the most splendid and corrupt court of Europe that went on but a floor below them, this remarkable group discussed matters of the highest and most permanent interest to mankind.[7]

The Wealth of Nations

Adam Smith, like the Physiocrats, never saw his ideas put into practice, although he did publish a "best seller" a decade after his trip to France. His great work, *An Inquiry into the Nature and Causes of the Wealth of Nations*, to use the full title, was an instantaneous success, was soon translated into several foreign languages, and ran through five editions in his lifetime. It became a sort of statesman's handbook, although it was years before

[7] Henry George, *The Science of Political Economy*, pp. 149-160.

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it made much difference in practical policy. Finally, some three-quarters of a century later, Parliament took the great step of dismantling the whole system of protection for domestic producers, and Britain emerged as a "free trade" nation.

The most celebrated case of the dramatic fight for economic freedom was the so-called "Repeal of the Corn Laws," which did away with protection for English farmers. England had long had a "farm program," a high tariff on grain, which kept out foreign agricultural products and hence increased the cost of living for the English laborer. Since, traditionally, the aristocrats of England were wealthy landowners and had long controlled Parliament, it took a tremendous popular upheaval to eliminate the Corn Laws. This was effected in 1846, in part as the consequence of the "potato famine" in Ireland which brought the chronic problems of human need to a dramatic focus. Something had to be done "right now," since people were starving in large numbers. Once Parliament started slashing tariffs, it was only a matter of time until they were almost completely eliminated.

Most other Western nations joined in the movement to open their markets also; which led to the great period of peace, prosperity, and progress so highly lauded by Lord Keynes. Britain became the center of world trade and finance. But all of this came to pass a century after Adam Smith and the Physiocrats pondered the problems of the world, just as we today are reaping the harvest of Karl Marx's sowing.

Ideas: Bomb with a Long Fuse

Why the "gradual encroachment of ideas," as Lord Keynes expressed it? Several factors contribute to the long delay between thought and action. One is the fact that a great teacher arises with some new doctrine or a modern version of an old one, but he can scarcely hope to make much of an impact on his own age which is run by men whose thought patterns are already set; his hope is the student of today. This means that it will take at least another generation, perhaps even longer, before his ideas can bear fruit. Furthermore, when we human beings get in a rut – as we habitually do – we commonly do not change our ways, however urgent or desirable the changes may be. When some crisis comes, such as the "Potato Famine of 1846" or the "Crash of '29," perhaps then we may get out of our rut only to fall into another. Our "New Deal" rut is some thirty-five years long by now, and a change may be

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anticipated presently; but it will take quite a jolt to get us out of it. Widespread discontent at the grass roots is an important factor.

One reason why mercantilism, the ancient version of the planned economy, went out of fashion in the last century was that generations of ordinary people had become disillusioned with the attempts of the several European governments to regulate and control their nations into prosperity. A good many people back then were aware of this public nuisance, though they had never read Adam Smith. A lot of folks today, who never heard of Von Mises' *Planning for Freedom,* have been vexed with national planning since Henry Wallace "plowed under cotton and killed little pigs." A multitude of Europeans who never read Hayek's *The Road to Serfdom* have seen the "Berlin Wall" or the "Iron Curtain." More than a billion people now know what communism is all about, and firsthand, too, although few of them have ever waded through *Das Kapital.* No doubt, many of them are the bitterest enemies of the system. On our side of the Curtain, the "welfare state" is bankrupt also, both figuratively and literally.

This dramatic failure of socialism in all its forms and around the world gives the man of good will who believes in liberty an opportunity he has not had in a long, long time – the opportunity to present Adam Smith's "obvious and simple system of natural liberty" as the solution to the global crisis. And if we have the persistence of Karl Marx and the patience of the Fabian socialists, it just may be that tomorrow will be ours – that freedom will indeed be the wave of our future. ◈

IDEAS ON LIBERTY

Dumping

When cheap foreign goods flood our markets –
Come into our ports without end –
The best way to punish the aliens
Is to buy all the goods they can send.

WILLFORD I. KING, *Economics in Rhyme*

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The Price Is NOT RIGHT

JESS RALEY

RECENTLY our State Legislature made it mandatory for any individual who rides a two-wheel, motor-driven vehicle to wear a crash helmet. The law seems to have been received with open arms by almost everyone. I can recall no local, state, or Federal legislation within the past forty years that faced less opposition. Consensus appears to be that this law will neutralize any lack of skill or judgment and protect the irresponsible from his own folly, in spite of himself.

Now I am not, in any sense, opposed to crash helmets. The largely hostile environment in which man attempts to survive would seem to dictate extreme caution and proper use of all available safety equipment. Personally, I would not think of riding a motor vehicle without a skid-lid. But the sad truth is the Federal government already protects me from my many inadequacies so much more lavishly than I can afford, it appears doubtful that further help can be endured at this time.

There is something pathetic about man's relationship with law – from the very dawn of history to this day. We know that civilization is built on a foundation of law. Human nature being what it is, no culture, social order, or nation could have emerged without certain basic laws, written or unwritten. Once committed to lawmaking, however, no nation seems to have found a stopping place. All appear to have subscribed to the theory that if a little law is good, a great deal of law must surely be better. This theory seems to affirm that a man who could function fairly well carrying ten pounds of weight would do much better loaded with a ton or more.

There is nothing contradictory in the proposition that a minimum

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of law tends to build civilization while labyrinthine laws tend to destroy. In fact, a society of perfect persons would have no place for law enforcement since each individual would of need be free and therefore jealous of his or her responsibilities. This being true, all laws may be viewed as a burden to society inasmuch as each responsible individual must spend more or less time producing the wealth required to enforce them. Less than perfect men may still conclude that laws enacted solely and unequivocally to protect society from malicious acts of irresponsible individuals and groups are necessary and helpful. All other laws need to be recognized as the unnecessary evil history proves them to be.

Even those laws free men have found necessary to impose upon their society can become an impossible burden. We know that a culture must be protected from other cultures that would destroy or enslave it. But if the vast majority of powers upon this earth should attack a given country systematically, that nation conceivably could find the price of protection beyond its means. In the same vein, society as a whole must be protected from the malicious acts of its own members. But should the day arrive when a majority must be restrained by force, there is no hope that the minority could, for long, pay the bill.

For the undoubted advantage of living in a sophisticated society I am willing, if not happy, to go my bit to protect that culture from its enemies, foreign or domestic. I must admit that, from time to time, society may have need for a bit of protection from some careless act of mine. This, too, I am willing to pay for. But I absolutely cannot afford to be protected from myself. More than this, I find it nauseating to be forced to pick up the tab for killing the incentive and responsibility of other individuals in the name of protecting them from the facts of life.

Certain laws calculated to protect one from his own folly doubtless have proven momentarily advantageous for particular individuals, but the price adds up to slavery.

No culture that invokes laws to protect its members from their very own mistakes can justly claim to afford an opportunity for individual freedom; obviously, no person or group can shield another unless the defender controls the actions of its ward. No people who ask for or accept laws designed solely to protect them from themselves can hope to earn freedom.

John Stuart Mill would surely be considered a square by this sophisticated generation, but no

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modern philosopher seems to have improved upon his thoughts expressed in *On Liberty*:

> That the only purpose for which power can be rightly exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physical or moral, is not a sufficient warrant. He cannot rightfully be compelled to do or forbear because it will be better for him to do so, because it will make him happier, because, in the opinions of others, to do so would be wise, or even right. These are good reasons for remonstrating with him, or reasoning with him, or persuading him, or entreating him, but not for compelling him, or visiting him with any evil in case he do otherwise. To justify that, the conduct from which it is desired to deter him must be calculated to produce evil to someone else.

In evening edition language, Mill is telling all who can hear that a free man absolutely cannot be protected from himself, either willingly or unwillingly. He assumes, of course, that all men of affairs will understand that this theory does not apply to legal infants.

To apply Mill's thinking in America today would mean that an individual could be forced to respect the life and property of others, but no power could compel him to participate in a social security system as a condition of employment. Those who choose to shilly-shally might be reasoned with and encouraged to be more prudent. But responsible individuals could not be forced to pick up the tab for the folly of others.

I feel strongly that individual freedom, including freedom of choice in matters where no one other than myself stands to gain or lose, is the greatest achievement man may attain; I cannot compromise with any law that inhibits that freedom. Compulsory protectionism denies freedom of choice and discourages responsible action. It lends aid and comfort to the antisocial breed from whose hostile actions society as a whole must pay to be protected. When the irresponsible element in any culture reaches an active majority, first chaos, then social reorganization must follow.

It's not that I make no mistakes, that all my decisions are wise, or that no other person better manages daily affairs than I do. Nor would I attempt to deny that the animal comforts promised by certain laws that enervate freedom may be found advantageous at some moment in life. The whole point I hope to make is this: Spiritually, psychologically, and economically, the price for protection from my own folly is much, much more than I care to pay. ◈

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STATISTICS & POVERTY

HARRY LEE SMITH

THE *London Times* several years ago described the British socialist experiment as "competition without prizes, boredom without hope, war without victory, and statistics without end."

Government intervention in the economy often is based upon specious arguments and statistics designed to back them up. But statistics, while purportedly facts, fail to perform one important function. They do not analyze cause and effect.

Government statisticians glory in the growth of the national product, as though government had caused such growth. Thus, the rooster would cause the sun to rise!

Governments consume and dissipate wealth rather than produce it. Goods and services are forcibly taken from the wealth-creating private sector to cover losses incurred on government ventures in finance, insurance, real estate, communications, public utilities, and other economic activities. If the government could create wealth, there would be no need for taxation.

Government statisticians also attempt to prove the stabilizing effect of political controls. The great bid for government sponsored stability came with adoption in 1913 of the Federal Reserve system, supposed to stabilize both the economy and the currency. Yet, the cyclical pattern of the economy has continued, with a frequency and amplitude similar to that prior to 1913. The one great exception: after sixteen years of Federal Reserve stabilization, there occurred the most severe economic depression ever recorded.

As for currency, all nations have suffered disastrously from inflation and fiscal mismanagement following displacement of the gold standard by government controlled central banking. Other

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nations have known worse, but even the American dollar has lost two-thirds of its purchasing power under political management since 1913.

Statistics purportedly show governments successfully maintaining full employment. The more totalitarian regimes do it through forced labor and a low rate of productivity per worker – something like having two workmen fill each job. The United States achieves high employment by absorbing many workers into government ranks and subsidizing others. During the 1920's unemployment averaged less than 4 per cent while about 6 per cent of the work force was employed by Federal, state, and local governments and the armed forces. The latest available figures still show about 4 per cent unemployed, whereas government employees and members of the armed forces now account for 18.5 per cent of the work force.

Government statisticians would have us believe that maximum employment is attained through adroit official planning. We see, however, that it is accomplished through government hiring, at taxpayers' expense.

Among the most popular arguments for government intervention is the necessity for redistribution of income. Businessmen are too selfish to effect an equitable distribution, say the planners, and only impartial government officials can bring about "social justice." The New Deal, Fair Deal, New Frontier, and War on Poverty identify successive attempts by government to rearrange incomes in a new and "fairer" pattern, all to the net effect that the poor are still with us.

The following breakdown of family income statistics, prepared by the Bureau of the Census and adjusted to dollars of 1965 purchasing power, might give the impression that government redistribution plans had succeeded:

Family Income	*1947*	*1955*	*1965*
Under $3,000	30%	24%	17%
$3,000 to $4,999	31%	24%	16%
$5,000 to $6,999	19%	24%	18%
$7,000 to $9,999	12%	18%	24%
$10,000 to $14,999	8%	8%	17%
$15,000 and Over		2%	8%
Median Income	$4,275	$5,223	$6,882

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It would seem that in the days of the Fair Deal 30 per cent of the families were impoverished with less than $3,000 per year and that the number had shrunk to only 17 per cent under the Great Society. All that the figures prove, however, is that there has been a constantly rising standard of living. This can be attributed to one cause only – the creation of new wealth, an entirely private function. When constantly increasing incomes are fitted to fixed income brackets it appears that the distribution of income is also varying. Socialists point to this statistical aberration as proof that the graduated income tax, the pressure of labor unions, and government control of the economy in general have had the effect of forcing the rich to disgorge part of their income and pass it down to the less fortunate.

However, there is an impartial statistical process which eliminates the effect of a rising living standard on the pattern of income distribution and resolves the argument as to whether government planning or the free market is responsible for the manner in which incomes are apportioned. This is done by showing the percentage of the national income received by each fifth of the families over the same series of years. Also shown for each year is the percentage of national income received by the top 5 per cent of all families:

Family Income Groups	*1947*	*1955*	*1965*
Lowest fifth	5%	5%	5%
Second fifth	12%	12%	12%
Third fifth	17%	18%	18%
Fourth fifth	23%	23%	24%
Highest fifth	43%	42%	41%
Top 5 per cent	18%	17%	15%

Except for some slight scalping of the very top earners, it appears that the various government "deals" in modern America have achieved no significant redistribution of incomes among families. The 40 per cent of all families with lowest incomes still receive the same 17 per cent of the national total.

Dr. Gabriel Kolko, generally favoring bigger and better taxes in his book, *Wealth and Power in America*, states: "The basic dis-

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tribution of income and wealth in the United States is essentially the same now as it was in 1939, or even 1910." Even the powerful graduated income tax seems to affect the pattern but little. This may be explained in part by the fact that costs of redistributing income may exceed the amount reshuffled. The "commission" for this service is apparently high and stays in the hands of the relatively well-paid social workers and poverty fighters – many of whom are in the top 10 per cent of income earners. Other government interventions, such as minimum wage laws, cause unemployment among the poor and tend to reduce the percentage of income received by the lowest groups. It might be pointed out that the government taxes the poor also. A study by the Tax Foundation estimates that 28 per cent of incomes under $2,000 a year goes for taxes.

At the close of the nineteenth century an Italian scholar named Pareto made a study of income distribution in times past wherever he could find that an income tax had been levied. Such a tax is the only source of statistics for such a study. He found a church-imposed income tax in Peru some 200 years ago, certain income taxes in Europe over the centuries, and the American income tax during the Civil War. Income distribution proved to be startlingly consistent regardless of time, place, or degree of tax graduation, the pattern very much resembling that shown by more recent statistics for families in the United States.

Writing in 1928, the economist, Joseph Schumpeter, had this to say about his exhaustive study of nineteenth century Britain:

> Until about forty years ago many economists besides Marx believed that the capitalist process tended to change relative shares in the national total so that the obvious inference from our average might be invalidated by the rich growing richer and the poor growing poorer, at least relatively. But there is no such tendency. Whatever may be thought of the statistical measures devised for the purpose, this much is certain: that the structure of the pyramid of incomes, expressed in terms of money, has not greatly changed during the period covered by our material – which for England covers the whole of the nineteenth century – and that the relative share of wages plus salary has also been relatively constant over time. There is, so long as we are discussing what the capitalist engine might do if left to itself, no reason to believe that the distribution of incomes or the dispersion about our average could in 1978 be significantly different from what it was in 1928.

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So often it is stated that in undeveloped countries there are only two classes – the very rich and the very poor. This is an economic illusion. In a country such as India with per capita income under $100 per year, there appears to be nothing but poverty. Any man of means stands out in startling contrast to his impoverished surroundings and creates the impression that there is no middle class. But careful analysis will reveal a pattern of income distribution similar to that in the more advanced countries – all following Pareto's curve.

The only antidote to poverty is wealth. And wealth, by definition, is created by those who make themselves wealthy through serving others in open exchange. Fred Kent's story of The Well helps to explain why this is true.

> In a pastoral community composed of 101 independent and self-sufficient farmers, each worked 13 hours per day to keep body and soul together. Other than rain, the only source of water was a spring on a hillside which each farmer visited each day. This cost him an hour of work daily. Working overtime, one of the farmers dug a trench down to the valley and by forming a well, provided running water to each of the farmers for which he charged ½ hour of work per day. As can be seen, the provident farmer became rich to the extent of having 50 hours of labor redound to his benefit daily, yet each member of the community benefited by ½ hour less work per day.

Wherever the heavy hand of government interferes in economic affairs, things become more expensive rather than cheaper. Hospitalization, education, and postal rates, for example, grow ever more costly while private enterprise continues to create more and better and cheaper products and services.

You can be sure that if each Asian worker were backed by $30,000 in capital, there would be no mass starvation and no 25-year limit on the average life span. Such is the miracle of wealth. Only a few know how to create it. And the impartial and all-wise free market will distribute it in a manner which creates harmony rather than conflict among men.

The American economist John Bates Clark observed years ago:

> Free competition tends to give to labor what labor creates, to capitalists what capital creates, and to the entrepreneurs what the coordinating function creates. To each agent a distinguishable share in production, to each a corresponding reward – such is the natural law of distribution. ◈

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How Welfarism Has Led to Britain's Troubles

ANTHONY LEJEUNE

FOR THE BRITISH to say, as some frequently do, that America ought to become more of a welfare state is rather like a drug addict trying to get other people hooked on his own suicidal habit.

What worries me when I look westward across the Atlantic is not that there is too little welfarism in America but that there is starting to be too much. In all sorts of ways I see America headed down the same road Britain has already traveled, and I long to shout, "Go back, go back, before it's too late!"

Britain's present sad plight, of which devaluation and the government's austerity package are only the latest and most spectacular aspect, has not been caused solely, perhaps not even directly, by her welfare policies. But welfarism, the attitude of mind that engenders and is engendered by a welfare state (and this is something quite different from the genuine welfare of individuals), has certainly been a major factor.

It is no coincidence that Britain's three devaluations – "this disastrous treble," as the *London Times* described them – have taken place under Britain's three Labor governments, under governments, that is, which started out with welfarism as their chief aim.

Self-Generating Demand

The progress of the welfare state was, admittedly, not much slowed down, let alone reversed, by the intervening Conservative administrations. And this, too, was no coincidence. Welfarism, once it gets into a nation's blood stream, is self-generating. The demand for

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Mr. Lejeune is a British journalist. This article is reprinted here by special permission from *The National Observer* of January 29, 1968.

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Each advance of the welfare state takes another bite out of individual liberty.

it increases as people become more dependent, both financially and psychologically, on services from the state and less capable of providing for themselves.

There may even be a point of no return, after which a majority of voters, their independence eroded by inflation and taxation, really do have more to gain from an increase in welfare benefits than from a marginal decrease in taxes. The politicians inevitably respond by bidding against each other with promises of bigger and more widespread benefits.

The Conservatives in Britain repudiate with horror any suggestion that they might want to dismantle the welfare state. They fought the 1964 election on a platform that would have entailed even more government spending than the socialists offered. Recent events have sobered them a bit, but it remains to be seen whether they can really refrain from welfarism when the next election campaign begins.

Each advance of the welfare state takes another bite out of individual liberty, for the essence of welfarism is that people's money is taxed away from them, redistributed, and spent in ways they would not have chosen for themselves. Otherwise there would be no point in it.

What is happening to British education makes a bleak example. The universities, having allowed themselves to become almost wholly dependent on state finance, are just waking up to the fact that their freedom has disappeared; they have to conform to the government's plans, whether they like them or not.

But, compared with the grammar schools, universities are lucky. Twenty-five years ago most of Britain's ancient grammar schools (secondary schools that prepare students for universities) accepted an offer of complete financial maintenance and agreed, in return, that a majority of their governors should be political appointees.

Now, in its pursuit of socialist equality, the Labor government has decreed that the grammar schools shall be abolished altogether, and neither the original governors nor the parents have any means of resisting.

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The Trap Clicks Shut

This is the characteristic pattern of state benevolence. The state assumes responsibility for providing something that individuals want – education, or medical care, or transport; it picks up the tab, it doles out grants. Since the state has no money of its own, the cost has to be met through taxes, thus rendering individuals less capable of providing these things for themselves. Then the government says: "Since this is public money, we must decide how it should be spent, and who should get it, and we are entitled in return to expect obedience to what we consider the public interest." So the socialist trap clicks shut.

The theory of welfarism is that people prefer security to freedom, and perhaps they do. But in the long run – and, as developments in Britain show, it may not be a very long run – the security offered by a welfare state can be more vulnerable than the security offered by private savings in the bank. The individual has lost any chance of control over his own future.

Even if the welfare state manages to avoid economic disaster, the normal standard of its social services is more likely to be at least slightly squalid than affluent. However much welfarism the voters may demand, they will always be reluctant to pay taxes high enough to produce services as good as individuals would be willing to buy for themselves.

The National Health Service in Britain is grossly undercapitalized, and always will be unless new money can be brought in, not through taxes, but directly from those who use it. The prescription charges that have now been reimposed are too small to make much difference. If fees, even quite small fees, were paid by people who could afford them, not only would more much-needed money be available for equipment and research and to prevent the drain of doctors to America, but there would also be a far healthier relationship between doctors and patients.

The same is true of education. Even nominal fee-paying would greatly increase parents' interest in their children's schooling, as well as helping to raise the standard of state schools nearer to that of private schools.

A Need for Private Spending

People ought surely to be encouraged to spend money on their children's education, on health, on providing for their old age, thus both helping themselves and relieving the burden on the services the state must provide for those in need. But welfarists actually

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The penal effect of taxation has blunted the urge to work hard at all levels, from top management to the factory floor.

disapprove of money being spent in this way. Private doctoring and private schools are constantly attacked by the socialists in Britain as selfish and antisocial. And, if a man accumulates wealth for his old age, he becomes a capitalist and therefore wicked.

The roots of welfarism lie in a feeling that the advantage enjoyed by the wise virgins over the foolish virgins is unfair, and should be corrected by the community. The wise virgins must therefore be taxed for the benefit of the foolish ones, and, if even this isn't enough to produce equality, the wise virgins must be prevented from flaunting the superior fruits of their wisdom – or their luck.

Whatever its philosophic attractions, this is clearly a recipe for economic disaster. Some of the beneficiaries of Britain's welfare state find it more profitable to live on state handouts than to work; but these layabouts are not the real problem. The problem lies in the crushing disincentive welfarism imposes on ordinary people.

Working-class families, which perhaps in previous generations had little opportunity to save and invest money, could now afford to do so, but see no point in it. The welfare state will look after them on a rainy day, and savers seem to enjoy no significant advantage over spenders. The middle classes, for whom thrift was a traditional virtue, have been ground between the millstones of inflation and taxation: inflation caused partly by the reckless public and private spending that welfarism has provoked, and taxation levied partly to pay for the welfare services and partly, on purely political grounds, to handicap the wise virgins. So all but the most determined savers and investors have lost heart.

The penal effect of taxation has blunted the urge to work hard at all levels, from top management to the factory floor. People are simply not prepared to sacrifice leisure or to take risks.

Incentives Blunted

It has become completely impossible for companies to provide adequate incentives for their senior executives. And this ceiling, imposed by progressive taxation on the salaries of men at the top,

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depresses remuneration, and therefore incentives, throughout the whole salary structure. And, at the same time, the business itself is clogged and weighed down with taxes.

So hypnotized are they by their own ideology that the socialists remain willfully oblivious of this result of their policies. Since they are prevented, both by the philosophy and by the consequences of welfarism, from providing genuine personal incentives, they fall back on vain exhortations to work harder and the implausible argument that "collective consumption" is as attractive a goal as individual consumption. When these exhortations fail to elicit the desired response, they are surprised and pained.

The Labor government has been heartened during the past grim weeks by the initiative of five typists in a London suburban office who volunteered to work an extra half hour a day "in order to help Britain." The story was splashed by sentimental newspapers with a fanfare of praise and a glare of publicity. Prince Philip and Harold Wilson sent messages of congratulation. Bishops and schoolmasters said how splendid it was. A few other groups of workers (though not very many) followed the typists' example, "I'm Backing Britain" badges sprouted like mushrooms, and some pathetic school children, old-age pensioners, and Pakistani immigrants sent donations to the chancellor of the exchequer.

Enoch Powell, the former Conservative cabinet minister and, it often seems, almost the last surviving champion of free enterprise, said that the campaign's motto ought to be "Help Brainwash Britain." He was shouted down for his pains, but he was quite right. Without realizing it, those five well-meaning but ingenuous typists have shown very clearly what lies at the end of the welfarist road – the collapse of the normal relationship between work and reward, of the system whereby the community is enriched by the efforts of individuals working to earn wealth for themselves and their families.

Welfarism turns everybody into a state pensioner. People's attitudes, ambitions, even their virtues, shrink to those of pensioners. I have seen this happen in Britain, and am infinitely saddened by it. Perhaps the process is reversible. I hope so, though the historical precedents are not encouraging. Meanwhile, I do not want to see the same thing happen in America. ◈

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CLARENCE B. CARSON

The Rise and Fall of England

3. POLITICAL FOUNDATIONS OF LIBERTY

ENGLAND'S RISE to a greatness which flowered in the nineteenth century was preceded by an order of developments, an order which can be summarized in this way: constitutional – the laying of the political foundations for liberty; intellectual – the development of ideas and spread of beliefs which supported liberty; and moral – religious developments which provided the drive and discipline for constructive achievement. The royal navy, which was to be the power symbol of greatness, had begun to play a leading role on the high seas by the latter part of the sixteenth century, in the time of Elizabeth I. But England's leadership in civilization was still a long way off. Tudor despotism degenerated into Stuart oppression, as we have seen, and oppression was followed by civil war, revolution, and reaction. On the ruins of monarchical absolutism, however, the English began to lay more nearly enduring political foundations of liberty. It is this work that is to be called up here.

There are two elements that enter into the establishment of liberty. One is the formal means for circumscribing and inhibiting the power of government. The other is the ideas and beliefs held by those who control the government regarding liberty. It is doubtful

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that extensive liberty can exist for very long without the presence of both of these elements. Belief in liberty alone may not be expected to restrain for long those who have been given the power of government, for the enticement to the use of power is probably greater for most men than any general love of liberty. On the other hand, any forms of government may be turned to despotic ends when the forms are not undergirded by a desire for liberty. At any rate, extensive liberty in England awaited the historical junction of formal restrictions and beliefs which supported liberty.

Englishmen have long called those forms by which they are governed and which, it may be, have restrained those who govern, The Constitution. They have spoken of the constitution as if it had an unquestionable concrete existence. Yet, to an American, it is quite often not clear what the Englishman can be referring to. In the United States when someone refers to the Constitution, he refers to an actual document – usually, anyway – which was drawn by men in convention in 1787 and has been added to from time to time. It has bodily existence, as it were. This is not the case, in the main, for the British constitution. True, there are some documents which are reckoned to be *a part of* the constitution, such as Magna Charta, or the Bill of Rights, or the Act of Supremacy. But they are only the concretizing of some aspect of the constitution at a given time. These concrete provisions may become irrelevant or fall into disuse, may be subtly altered by changes in institutions, may be revised by later parliamentary enactments, or may no longer be applicable; yet, the constitution remains. What, then, it is proper to ask, is the constitution?

A Shifting Balance of Power

The first thing to note about it is that it is not fixed. It changes without any specific action being taken as institutions and procedures change, and it may be changed by act of Parliament. No unusual procedure is required to change it. Succinctly stated, the constitution of England consists of all those rules, written and unwritten, which prescribe how things governmental are to be done. These prescriptions may have taken shape by customary usage or by royal recognition or by legislative enactment. Generally speaking, any practice of long standing having to do with the modes of governmental operation would most likely be reckoned a part of the constitution. In addition, long established rights and privileges of persons are thought

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to be constitutionally safeguarded. For example, freedom from arbitrary imprisonment (the right to a writ of *habeas corpus*) is a part of the constitution. Yet, no unusual procedures would have to be followed to abridge this right, or any others.

Liberty in England, then, has depended not so much upon substantive protections of it acknowledged in documents – though these have played some part – as upon the existence of effective counterweights to the powers of those who govern. The crucial conception for understanding how liberty has been protected in England is that of a Balance of Powers. More precisely, it has depended upon the counterweight of those who do not have the power to govern, at least, not at a given time. In the United States, there was a concerted effort to establish a balance of powers within the government. This has never been so to any extent in England, and it is a very important difference between the United States and the British constitution.

The Loyal Opposition

There is no balance of powers within The Government in England, nor has there ever been to my knowledge. The Government in England does not have the same denotation as "the government" in the United States does. Indeed, when Americans refer to "the government," they refer to the whole paraphernalia of government power, all the institutions connected with it, and all those who comprise its arms. To put it another way, Americans refer in this way to everything having to do with governance and to nothing in particular. When speaking formally, the British do not do this. They refer specifically to those who make governmental policy as The Government. In contemporary England, The Government is usually comprised of a Prime Minister and his cabinet chosen from the ranks of the majority party (though a coalition government may also exist). In earlier times, the monarch and his chief ministers would have comprised what is nowadays referred to as The Government.

The Government in England, then, is the result of a concentration of power, not a balance of powers. The checks upon this governmental power are not within it, strictly speaking (though they might be in a coalition cabinet), but outside of and in opposition to it. In short, The Government exercises all the powers of government, but there may be contests for control of The Government, and those who contest may serve to limit and restrain the use of

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that power. The Government, at any moment, has the exclusive use of governmental power, but any extension or change in this power may be contingent upon the consent of others. There may, then, be counterweights to the exercise of power; and when these have sufficient strength and independence, it can be said with sufficient accuracy that a balance of power exists which will inhibit an extension of power by The Government or even result in reducing the amount formerly available. It is this situation that has produced the formal protections and safeguards to liberty in English history.

For most of the history of England, the monarch has been, in effect, The Government, though the terminology would not have been used in this way. In consequence, most of the attempts to limit, restrain, regularize, or inhibit governmental action have been efforts of various forces in opposition to the exercise of power by the king. The great and revered documents of the British constitution – Magna Charta, Petition of Rights, Bill of Rights – are concessions and acknowledgments wrested from or imposed upon monarchs. Though the political foundations of liberty which concern us here were laid in the seventeenth and eighteenth centuries, they were built of materials which have a much greater antiquity. Therefore, it is appropriate to review briefly the history of some of the early constitutional struggles and the forces involved.

The Norman Conquest—1066

A convenient and useful place to begin is with the Norman Conquest of England in 1066 and the ensuing years. William the Conqueror was hardly the first king of England, but he was probably the first to rule a unified England with so much power concentrated in his hands. After William's conquest he attempted to set up a situation in which all force in the land was ultimately under his control.

No power, independent of his will, could, in theory, be exercised in the land. The great tenants-in-chief, or barons, had their fiefs directly from him. All vassals, of whatever rank, owed their final allegiance to him. No castle could be built in the land unless he licensed it. The Roman Catholic church, while it might technically be independent of him, was dependent upon his will in many respects for its operations. William was potentially as absolute as any medieval monarch, though he is not remembered for being an arbitrary king. Later kings, particularly Henry II (twelfth century), increased their sway by the establishment of king's courts

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which began to make rulings on the basis of a common law.

Even so, counter forces to that of the king continued to exist or shortly came into being. One that every wise king would recognize in the Middle Ages was custom and customary law. People were profoundly conservative, as they usually are, and whatever had been done in the past must continue to be observed or there would most likely be trouble. Local customs were early given the effect of law. Even the common law which began to be shaped in the twelfth century was mainly a law for all England abstracted from common features found in local customs and laws. The courts which dispensed such law might be the king's, but the law was that of England and served potentially to restrain monarchs.

Moreover, the tendency was for all holdings and privileges to become hereditary. The nobility might owe their fiefs originally to the monarch; but over the years these holdings were passed on from father to eldest son, and the new holder held his fief as if by right. Hence, the nobility began to think of themselves as having rights not dependent on the will of the king. Similarly, charters to towns and universities tended to become perpetual, and the rights and privileges derived from them to pass in perpetuity to professors, students, and burgers. The Church was based at Rome, and it had weapons – excommunication and interdict – with which to check and restrain monarchs. The clergy also enjoyed certain privileges which were not conceived of as depending upon any arbitrary grant or rescission by the monarch. In short, the classes and orders of medieval England emerged as counterweights to the powers of the king.

The Magna Charta—1215

How this balance of powers or forces could be brought into play was dramatically demonstrated in the early years of the thirteenth century during the reign of King John. The first of these forces to meet John head-on was Pope Innocent III, the most forceful and powerful of medieval popes. Their troubles arose over the appointment of an archbishop to the See of Canterbury. When the Pope caused Stephen Langton to be named Archbishop, King John refused to accept him, and these two became locked in a seven-year struggle for dominance. Innocent III excommunicated John and laid the realm of England under interdict. "This interdict meant that all the churches were closed: no masses sung, no marriages or funerals conducted. Only baptism

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and confession for the dying were permitted."[1] Before the threat of being deposed by the Pope and having the sentence carried out by King Philip of France, John finally capitulated. Indeed, he went so far as to declare that he was a vassal of the Pope, and that he had received England as a fief from the pontiff. In general, it should be pointed out that papal powers gave the clergy some independence of royal authority.

King John was hardly out of difficulty with Innocent III before he was in deep trouble with other forces in the land. There was widespread dissatisfaction with the arbitrariness of John's rule. The barons took up the cause against the king, and they defeated John at Runnymede in 1215. They required of him that he make written acknowledgment of important rights and privileges possessed by his subjects and of restraints upon his use of power. This was done in the Magna Charta. Magna Charta not only affirmed the rights and privileges of the barons but also of the clergy, of merchants and tradesmen, of the towns, and of free men in general. One clause read, "No free-man shall be seized, or imprisoned, or dispossessed, or outlawed, or in any way destroyed; nor will we condemn him, nor will we commit him to prison, excepting by the legal judgment of his peers, or by the laws of the land."[2] Magna Charta was so revered because it was the most thorough of the early documents affirming the rights and privileges of the classes in England against the king. The major point here, however, is to show how other forces limited the power of the king.

The Model Parliament—1295

Developments for the remainder of the thirteenth century, under Henry III and Edward I, continued generally along the lines of limiting monarchy. Magna Charta was reaffirmed on a number of occasions. A major problem arose over how to keep a monarch to his word. Committees and commissions, made up of barons, were tried, but with indifferent success. These committees to hold the king in check were the immediate forerunners of Parliament. Parliament took its classic shape with the meeting of the Model Parliament under Edward I in 1295. It is called the "Model" because the classes which were so long to comprise it were there: the nobles, the clergy, the knights, the townsmen, and so on. In the next century

[1] Christopher Brooke, *From Alfred to Henry III* (New York: W. W. Norton, 1966), p. 218.

[2] Eugen Weber, ed., *The Western Tradition* (Boston: D. C. Heath, 1959), p. 196.

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England became even more definitely a limited monarchy. In addition to being limited by the classes who were represented or sat in Parliament, the notion spread that the king was under the law. Henry Bracton, the great jurist of the thirteenth century, said: "The king should be under God and the law."[3]

The traditional elements for restraining and counterbalancing the power of The Government — the king — were the classes, Parliament, and the common law. It must be kept in mind that in the Middle Ages these did not so much establish liberty for Englishmen in general as protect the chartered privileges and prerogatives of the various classes, themselves devoted to maintaining status and stability. Realistically, too, the classes could only provide counterweights to the power of the king so long as they were independent of him to considerable extent.

By, or in, the sixteenth century the classes largely lost or were losing their independence. This set the stage for Tudor absolutism and for the Stuart despotism which has been earlier examined. In the late Middle Ages, kings became less and less dependent upon the nobility as warriors. Feudalism disintegrated; the nobility were decimated by the Wars of the Roses (latter part of the fifteenth century); and Henry VII, the first of the Tudors, subdued the remainder of the nobility, mainly with the instrument of his Court of the Star Chamber. The clergy lost such independence as they had enjoyed with the break from the Roman church, effected in 1534. The guilds had long been declining in vitality, and manorial serfdom had been replaced by tenant farming.

[3] Brooke, *op. cit.*, p. 221.

The Petition of Right—1628

Parliament — consisting of the Lords temporal and spiritual, and the Commons — continued to be called into session and to take action. But, for the Tudor monarchs it was largely an auxiliary to their absolute and, frequently, arbitrary rule. The early Stuarts (James I and Charles I) enjoyed no such pleasant relationship with Parliament in the first half of the seventeenth century. Parliament (and some judges, notably Sir Edward Coke) balked at simply being aids to the despotism of monarchs. The kings dropped the pretense that Parliament had any independence and tried, so far as possible, to rule without them.

But Parliament was still a potentially organized center of resistance: and when Charles I demonstrated his determination to rule without that body as far as

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possible, the potentiality became an actuality. The House of Commons became the center of a resistance which turned into a civil war in 1642. Failing in their efforts to restrain the king, they overthrew him. In 1649, Charles I was beheaded, and there followed 11 years of rule without a king. Civil war turned into revolution. But, as so often happens, revolution resulted not in the establishment of constitutionally protected liberty and balanced government but in military rule. The English experience without a king was not a happy one. The rule of Oliver Cromwell with the support of the army was hardly more palatable than that of the Stuarts. Shortly after Cromwell's death, monarchy was restored in 1660. The struggle to restrain and limit the monarch continued.

Indeed, the seventeenth century was the scene of a prolonged effort to limit the monarch and to establish other sources of power to counterbalance his. One line of the effort was to get the monarch to concede limits to his power. The major constitutional documents of the century are of this character, in the main. The first of these of major importance was the Petition of Right, assented to by Charles I in 1628. By its terms, there was to be no taxation without the consent of Parliament, no detaining or imprisonment simply because the king commanded it, nor arbitrary use of martial law.[4]

Another landmark on the way to preventing arbitrary action by the monarch was the Habeas Corpus Act of 1679. It had been long established that a man being held prisoner should be shown cause — be charged with violating some law — why he was held. On the other hand, individuals were sometimes held in prison arbitrarily by the monarch. The Habeas Corpus Act required judges to issue the appropriate writs upon request, and it provided stiff penalties should they refuse. In like manner, those who held them in prison could be penalized for refusing to release prisoners when presented with such a writ. In short, the right to a writ of habeas corpus was firmly established.

The Bill of Rights—1689

The most famous document of the seventeenth century is, of course, the Bill of Rights. It was propounded by a convention in 1689, after James II had fled from England and before William and Mary came to the throne. In view of the circumstances, it is understood that the acceptance of its terms was a condition of their

[4] See William L. Sachse, ed., *English History in the Making* (Waltham, Mass.; Blaisdell, 1967), pp. 249-50.

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coming to power. By its terms, there was an attempt to prevent all those abuses with which they were so familiar from the recent past. A few of its provisions will indicate the general tenor of them:

> That the pretended power of suspending of laws or the execution of laws by regal authority without consent of Parliament is illegal. . . .
>
> That levying money for or to the use of the crown by pretense of prerogative without grant of Parliament, for longer time or in other manner than the same is or shall be granted, is illegal. . . .
>
> That the raising or keeping a standing army within the kingdom in time of peace, unless it be with consent of Parliament, is against law.
>
> That the subjects which are Protestants may have arms for their defense, suitable to their conditions and as allowed by law.
>
> That election of members of Parliament ought to be free.[5]

A Time of Testing

One thing seems certain: once again, constitutional monarchy had been established in England. It is commonly said, also, that Parliament had triumphed, that henceforth it was the dominant branch within government. Such a position certainly overstates the case so far as the actual business of governance is concerned. The king was still, in effect, The Government. As one writer says, "He still had his prerogative of making war and peace, choosing his own ministers, pardoning criminals, creating peers, summoning, proroguing and dissolving Parliament, and minting coin."[6] Indeed, there was strong sentiment in the last years of the seventeenth century against members of the House of Commons participating in The Government. Jarrett describes the situation in this way:

> The House of Commons viewed the Executive in very much the same way that the heroes of the traditional school story view their masters. They saw a great gulf fixed between the authorities and themselves and despised as a careerist and a toady anybody who sought to bridge it. Like the schoolboy heroes, they considered that they were there to hamper the establishment, not to help it. . . . [The] Act of Settlement of 1701 . . . forced upon the King a clause providing that anyone holding an office of profit under the Crown should be ineligible for membership of the House of Commons.[7]

This last provision was short-lived, but it does indicate that the House of Commons distinctly did not consider itself a part of The

[5] *Ibid.*, p. 318.

[6] Derek Jarrett, *Britain: 1688-1815* (New York: St. Martin's Press, 1965), pp. 11-12.

[7] *Ibid.*, p. 17.

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Government at the beginning of the eighteenth century.

Limiting the Monarch

The reality that took shape, however, did not fit neatly into the theory of government as it has commonly been held. In fact, a kind of balance of powers existed in the eighteenth and well into the nineteenth century. The king still governed, or ruled, in theory and, largely, in practice, though the first two of the Hanoverian monarchs (George I, 1714-1727, and George II, 1727-1760) did allow much of their power to slip away. The king still chose his chief ministers, still made major decisions of state, could effect elections to the House by various devices, could influence members of Parliament by perquisites at his disposal, and could increase the membership in the House of Lords by new appointments.

On the other hand, he could not rule for long without Parliament. He was dependent upon that body for appropriations, for the passage of laws, and for the meeting of obligations. A recalcitrant Parliament could bring the monarch to his knees, and that rather quickly. Moreover, the House of Commons was well on the way to establishing itself as independent in its source of power from the Crown. Its members were elected, and they owed their place to the electorate, not to the king. The point of insisting upon freedom of elections was that the monarch might not interfere in, determine, or manipulate elections. Freedom of speech in Parliament and freedom from arrest were also important adjuncts to their independence. Also, judicial independence was fully established in the eighteenth century. "For the judges, though appointed by the Crown, were no longer subject to its influence in their decisions, since they could not be removed except on an address from both houses of parliament." There was a rule that their tenure ceased when a new monarch came to the throne unless he reappointed them, but "George III himself, at the beginning of his reign, promoted the Act abolishing this rule."[8]

A Limited Government

England had not only limited monarchy but, much more important, limited government. The king was limited by Parliament and by an independent judiciary, as well as by documentary constitutional provisions. The House of Lords was limited by the House of Commons, for the latter body alone could initiate appropriations.

[8] Basil Williams, *The Whig Supremacy* (London: Oxford University Press, 1939), p. 56.

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The House of Commons was limited by the electorate, by an hereditary House of Lords, and by the monarch. Each of these had somewhat different sources of power: the House of Commons was elected; the House of Lords inherited or attained position by royal appointment, the judiciary by royal appointment, and the monarch by heredity.

More checks upon power were developed in the eighteenth century. The Cabinet began to take shape. It was, in theory, the king's instrument for government, but, in practice, the king found it necessary to appoint members of Parliament to places on it. Moreover, as Parliament gained in power, this was accompanied by an interior division into political parties which checked its exercise. Political parties emerged in the latter part of the seventeenth century, but they came into their own in the eighteenth. Close divisions in parties inhibited the exercise of power by the majority party. Moreover, it enabled an astute monarch to cling to power by being a balance wheel between them.

One of the major foundations for liberty had been laid, then, by the eighteenth century: structurally limited government. The other one is belief in and commitment to liberty. We must now turn to the development and spread of ideas which extended religious liberty, freed enterprise, spurred inventiveness, and loosed the energies of the English people. ◈

The next article in this series will discuss the "Intellectual Thrust to Liberty."

Why Liberty?

WHAT has made so many men, since untold ages, stake their all on liberty is its intrinsic glamour, a fascination it has in itself, apart from all "practical" considerations. For only in countries where it reigns can a man speak, live, and breathe freely, owing obedience to no authority save God and the laws of the land. The man who asks of freedom anything other than itself is born to be a slave.

ALEXIS DE TOCQUEVILLE, *The Old Regime and the French Revolution*

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Making a Crime

WILLIAM HENRY CHAMBERLIN

THE PROPOSAL to make travel outside this hemisphere a crime is a tremendous step backward from the ideal of working for maximum freedom of movement for men, goods, and capital—the three freedoms that made the nineteenth century, after the end of Napoleon's wars, one of the most peaceful and prosperous in human history.

The proposed tax has about every fault a tax could have. It is inherently unjust, because it makes a crime of something that is inherently innocent and beneficial. It is discriminatory. It is restrictive. It is most probably unenforceable. It is a confession that the dollar is no longer good for a very important purpose: payment of travel expenses.

One of the latest Soviet "anecdotes," or sour jokes, is about a communist professor who waxes enthusiastic before his students about Soviet achievements in the exploration of space.

"Soon," cried the professor, "you will be able to go to the moon, to Mars, to Venus."

Whereupon a student timidly interjected: "Yes, Professor, but when can we go freely to Vienna and Rome and Paris?"

One of the clearest distinctions between the citizen of a free country and the subject of the totalitarian state is the inalienable natural right of the former to

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travel, even to take up permanent residence abroad. For the latter it is a privilege, sparingly granted and usually to persons of proved enthusiasm for the regime. Should the United States penalize and restrict and discourage foreign travel to certain parts of the world, it would move with one big step into the totalitarian camp. That such a measure could even be proposed is an ominous sign of the restrictions on individual liberty which are threatened when managed money and a managed economy begin to replace the normal operations of the free market.

The excuse for making travel in Europe a crime is that Americans spend more in Europe than Europeans spend in the United States, that the United States has been running a deficit in its balance of international payments and that a cutdown in American tourist spending would be a means of reducing this deficit. This line of argument is utterly specious and fallacious, especially for representatives of a country which has been constantly preaching to European nations the virtues of free international trade and the scrapping of restrictions.

One might just as reasonably, indeed with less harmful results for individual liberty and the benefits of free international contact, propose an embargo on the half billion dollars of foreign alcoholic drinks which are annually imported into this country or on our billion dollars a year of foreign coffee.

Actions and Reactions

The weakness in all such unilateral restrictions is that they invite and sometimes force reprisals. A punitive tax on Americans traveling in Europe will not encourage European tourists to visit this country. Nor is it likely to stimulate the market for sales of American goods abroad. Foreign airlines which will be hard hit by restrictions on American travel will cut down their purchases of American planes. In short, in the case of travel as of trade, one restriction provokes a counterrestriction on the other side, until the whole world is drawn into a downward spiral of depression.

It is worth remembering that the United States, at the outset of the 1929-33 depression, adopted the highly protectionist Smoot-Hawley tariff on the ground that this would soon make business boom again. It didn't; indeed, this tariff legislation was one of the contributory causes in making the depression one of the longest and most severe in modern economic history.

No law is worth passing that is not enforceable. The American

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public should have learned this lesson from the sorry experience of national prohibition, adopted for idealistic reasons and abandoned in disgust and disillusionment when its principal consequences were widespread disrespect for law and a formidable increase in racketeering and crime. Such legislation, given today's conditions, is riddled with obvious loopholes for evasion. An American today may transfer dollars to any European country and exchange them for British pounds, French or Swiss francs, German marks, and so on.

So the proposed requirement – degrading and unpleasantly reminiscent of procedures in communist-ruled countries – that every traveler, before departure, show to some inquisitive bureaucrat his stock of funds in cash and travelers' checks, would also be completely futile. He might have dispatched a much larger sum to London, Paris, Frankfurt, or Zurich before boarding plane or ship.

Control of Foreign Exchange

To make enforcement of a tax on travel even remotely plausible, the government would have to take one of the most retrograde steps in United States economic history. It would have to impose stringent, all-out exchange control, requiring official approval for any exchange of dollars for foreign currencies. The disastrous effect of any such measure on the greatest trading nation in the world, where banks daily handle enormous numbers of transfers of dollars into foreign funds, would be almost incalculably disastrous, assuming that any such task were manageable at all.

It is almost impossible to calculate the amount of outright suffering, to say nothing of exasperating inconvenience, that exchange control – the demand that every individual convince some faceless bureaucrat of his need for foreign funds – would involve. One thinks of such contingencies as the death or disability of a relative or close friend living abroad, for instance.

Moreover, the United States, as the biggest trading nation in the world, necessarily carries out every day uncounted thousands of transactions in foreign exchange. Imagine the chaos that would follow if every such transaction had to be submitted for bureaucratic approval, with long explanations, filed in triplicate or quadruplicate, to prove its necessity! Only people who have lived under a regime of exchange control can appreciate what a blessing it is to have a currency that is freely and readily transferable and exchangeable.

One can reduce the case against

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the proposed punitive tax on travel outside the western hemisphere to the simplicity of an axiom in geometry. Such a measure would be quite futile and open to scores of evasive devices unless foreign exchange control in all its rigor were clamped down. But such a development would bring ruinous consequences to the foreign export trade which helps our international balance of payments infinitely more than it is injured by tourist spending.

Toward a Dead End

Should the United States be so misguided as to adopt measures penalizing and controlling the travel expenditures of its citizens, it would be starting down a road followed, at various times, by many nations, a road that has always led to failure and frustration. At the end of World War II almost all the countries of Western Europe were tied up in hard knots of red tape, with exchange control, artificial fixed rates of exchange for their currencies, rationing at home and quotas for imports. Their trade with each other was practically on a barter basis, with every nation demanding that its trading partner buy as much from it as it sold.

All experience shows that international trade is a dynamic, competitive enterprise which flourishes best with the least government meddling and interference. Europe had no more chance to regain its potential in production and international exchange with its postwar handicaps than an athlete could win the hundred-yard dash encumbered with an assorted variety of crutches and bandages. Except for the "black markets" in everything from goods to currency, setting at nought official rules and regulations, economic life might well have ground to a complete standstill.

Bit by bit, rationing and its inevitable accompaniment, black markets, went into the discard. Honest money replaced the inflated paper currencies, officially valued far above their real worth as measured in the realistic "black markets."

Once money was thus able to resume its proper function as a medium of exchange, the absurd lapse into beggar-your-neighbor, barter methods went the way of rationing and phony fixed values for inconvertible paper currencies. It no longer became necessary for a country to fear, like bubonic plague, the development of an unfavorable balance of trade with some other country. Under a system of multilateral trade, made possible by stable, freely exchangeable currencies, a deficit in dealings with one country was made

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up by a surplus in exchange with another.

Zurich vs. Prague

Sometimes a visible object lesson is worth pages of theoretical disquisition in showing the contrast between a system that is working well and one that is working badly. Some years ago, in the course of a European trip, I had occasion to fly from Zurich, in Switzerland, to Prague, the capital of communist-ruled Czechoslovakia.

The Kloten airport in Zurich was stocked with everything in goods and services a traveler might desire. There were magazines and books in many languages; a vast assortment of Swiss chocolate; watches and cuckoo clocks. There were exchange booths where one could buy or sell any currency in the world. Here were the outward fruits of a genuinely free economy. One might add that there was not the slightest difficulty in entering or leaving Switzerland — only a minute's glance at passports for identification.

From the moment when the plane touched down at Prague the atmosphere was completely different. Passports had to be surrendered for an indefinite period to armed police. The atmosphere in the airport was as drab and dreary as the atmosphere in Zurich had been pleasant and friendly. Nothing was on sale from any foreign country, except, as I recall, a bedraggled copy of an Italian communist newspaper. Zurich lived by free international intercourse, and looked it. Prague lived in the shut-in isolationism of a totalitarian state and a totalitarian economy — and looked it. Punitive travel restrictions will be a long step from the Zurich model to the Prague. Is this really what Americans desire?

Of course, the arguments may be heard that the proposed penalties are for a limited period, two years, and that they represent a necessary means of protecting the exchange value of the dollar, threatened by America's inability to sell as much abroad in goods and services as it buys abroad. Neither of these arguments carries much weight.

Ignoring the Basic Problem

It is a matter of general experience that restrictions and penalties are far easier to impose than to withdraw. The new hordes of bureaucrats who, under the proposed legislation, will start their congenial task of prying, snooping, and spying into the affairs of American foreign travelers will be reluctant to relinquish their new powers. And what assurance is there, or can there be, that the

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dollar or America's stock of gold will be in any better plight two years hence than they are today? There has been a thundering silence about any intention to adopt the measures which would relieve the pressure of domestic inflation, which is a prime cause of America's balance-of-payments difficulties.

Such measures would be drastic cuts in swollen government spending and a check on the reckless pumping of new money into our system by the Federal Reserve. One of the wisest comments on the folly and undesirability of penalizing travel is that of Professor Gottfried Haberler of Harvard University, an internationally known authority on currency and balance-of-payments problems:

> General nondiscriminatory payments restrictions could perhaps be justified as a temporary measure if something decisive were done at the same time to correct the fundamental disequilibrium. But nothing of this sort has been proposed. On the contrary, the Federal Reserve continues to pump money at a record rate into the economy. Hardly a week passes without the President signing into law new programs costing billions of dollars, criticizing Congress at the same time for not spending more.
>
> If inflation is not stopped and the financial house put in order, a devaluation of the dollar becomes unavoidable. An open devaluation, preferably in the form of a floating rate, would be far better than one disguised in a multitude of haphazard, discriminatory taxes and controls of which the existing and presently proposed batch is only the beginning.

It seems doubtful whether devaluation of the dollar, should it become necessary, would have serious practical consequences for the value of the dollar in terms of other currencies, as it would almost certainly be followed by similar moves in other countries. In any case, nothing could be worse than a step into the fatal bog of exchange control, whether from the standpoint of the American people, the American economy, or the world economic situation. The proposed levy on travel is a striking example of trying to deal with a superficial symptom while leaving untouched the basic causes of disequilibrium and inflation. ◈

Complications

WE were the first to assert that the more complicated the forms assumed by civilization, the more restricted the freedom of the individual must become.

BENITO MUSSOLINI

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A Sure-Fire Remedy

LEONARD E. READ

AFTER 35 years of probing, I have finally hit upon a sure-fire remedy for socialism—the disease suffered by those who call for state intervention in order to do good or give help to their fellow men. The cure can be effective, however, only if the patient can be persuaded to take his medicine. A very large *if*!

But, first, let us understand the malady and its symptoms.[1]

There is nothing unusual about an early symptom of the disease: a perfectly normal compassion for those who, for whatever reasons, fail to emerge from the poverty level. The first real sign of breakdown comes if the compassion sours, curdling into a deep-seated resentment and indignation whenever conscientious effort or labor is rewarded less than no effort or labor at all. For instance, one man receives only a dollar a day for ditch digging while someone else is given a $10,000 check for simply posing momentarily while his picture is snapped. The patient's sensibilities are offended: Rank injustice! Miserable economic inequities! Although these are the danger symptoms, the case is not necessarily hopeless. Many of us are similarly infected.

The malady does not reach the malignant or virulent stage until the indignant individual turns to socialism, that is, until he advocates coercion as a means of correcting what he regards as economic disparities and inequities. Diagnosis is now easy: the patient

[1] Socialism is a double-phased malady: the planned economy and the welfare state. While the two seem always to go hand-in-hand—as perhaps they must—my remedy is aimed specifically at the welfare state phase.

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will turn to minimum wage laws, rent and other price controls, Federal urban renewal along with government housing and the like, subsidies to farmers for not farming and to others for services never rendered, strikes as a pricing mechanism for labor, restrictions on across-the-border travel, trade, and investment, and so on. When these symptoms appear, beware, for the disease is contagious!

What can be done for these victims? Scolding, name-calling, impatience, intolerance is false therapy and should be scrupulously avoided. No sound diagnostician fools around with surface manifestations; he approaches the problem systemically, as the physicians put it.

A Mistaken Sense of Values

What delusion lies at the root of the malady? It is a notion as old as mankind and so ingrained in our tradition and thinking that, like a vestigial organ, it stays with us not only as utterly useless but as positively harmful. The traditional notion: *the value of any good or service bears a direct relationship to the amount of effort or energy exerted.* It is the cost-of-production idea of value; economists call it the labor theory of value.

Were this theory of value carried to its logical and absurd conclusion, the ditch digger would receive far more than the actor who only had his picture snapped. The patient, however, is less concerned with these exaggerated disparities than with the commonplace ones. For instance, he sees the highly educated college professor as "underpaid." He pities the poor farmer, on whose produce all of us depend, who labors from early morn until after dark; the wage earner who doesn't have a "decent standard of living"; on and on. But note that the sympathies engendered have their roots in the patient's theory of value — he measures a man's worth in terms of the effort or energy exerted. "That just isn't fair," he exclaims, and he takes coercive steps "to put things right."

This is the advanced stage of the disease, the germs of which lie in the traditional mode of thinking and action.

Until 1870, there was no basis for prescribing a remedy. Then came an important discovery: *the value of any good or service is what will be willingly exchanged for it.* Value, in short, depends not so much on the objective cost of production as on the subjective judgment of the customer. This was discovered nearly a century ago; yet only a few in the population have any apprehension of this unassailable economic fact.

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The important fact is that the market value of my labor is not the value I put on it, nor does it matter what anyone else says my fair wage ought to be. The value of my production is determined by what you and others will freely exchange for it. There is a world of difference between our inherited, vestigial notion and this recently apprehended economic truth.

Our patient, it turns out, is infected by the vestigial notion and the contradiction it forces upon him. He allows his emotions to be governed by what he thinks another's wage or reward should be; whereas, what he thinks is irrelevant, unless he's the buyer. He then contradicts his own theory every time he shops around for bargains — the latter a perfectly normal and correct behavior. The error of his theory is exposed by his own actions, for when he shops for bargains he is trying to buy other people's labor as cheaply as possible. Living such a contradiction is bound to have psychological effects, the ill effect in this case being the resort to coercion. Socialism, in other words, is a psychological illness.

To Each According to Need

Now, what is the curative medicine so distasteful to socialists that few will try it? The first step is for the patient to abstain from coercion and rely entirely on personal demonstration and persuasion to help those whose plight he deplores.

The next step is for the patient to abstain from using price and quality as criteria for purchases. Shopping for bargains is taboo. Instead, he shall find those persons who are the objects of his compassion, those further down the economic ladder than their efforts seem to him to warrant. He shall then purchase their goods or services — labor — at a price which he thinks befits their efforts and needs. The patient's tailor, for instance, shall be chosen not for his competence or the desirability of his suits but for how strenuously he works at his trade. And the patient will then reimburse the tailor at a rate to assure him a "decent standard of living." Further, the patient shall follow this rule in all transactions for all goods and services. Henceforth, he shall look no longer to his own requirements but only to what he sees as the requirements of others.

Preposterous? Yes, this remedy is the counsel of error. But it is absolutely consistent with the labor theory of value, the vestigial notion that lies at the root of the patient's illness. Will the patient try it? If he did, he soon would tire of it. He won't take advice from others; but if he will only

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test his theory against his own actions, he is cured. This is a do-it-yourself remedy; the dosage: read the prescription each morning on arising.

A Fair Field; No Favors to Anyone

How, now, is economic justice to be served? Justice is served when the door of opportunity is as open to one individual as to any other. Whether or not a person serves himself well or ill or caters to the satisfactions of others efficiently or inefficiently is in a realm other than justice. A fair field and no favor is our stand if we would enshrine justice. It is none of our business how a person makes out when justice prevails; that's entirely his own affair.

Are we then to let the unfortunate go unattended? Is there to be no thought of them? Of course, that will not be the case! The record as well as sound theory demonstrate that the coercive way of life leads to general impoverishment; the record and theory attest to the fact that the willing exchange method of cooperation affords prosperity on a scale heretofore unknown to mankind.

And for the relatively few who remain unfortunately situated, let each of us give of his own, not someone else's goods as a means of alleviation. This is the highly commendable Judeo-Christian practice of charity, heartening to benefactor and benefited alike. While charity is in a realm beyond economics, it is evident that without sound economic practices charity is impossible.

In the final analysis, it is those who produce, not bleed, for humanity who are the benefactors of mankind. No one need prescribe any remedy for them for they are in good health. ◈

Reciprocity

TSEKUNG asked, "Is there one single word that can serve as a principle of conduct for life?" Confucius replied, "Perhaps the word 'reciprocity' will do. Do not do unto others what you do not want others to do unto you."

LIN YUTANG, *The Wisdom of Confucius*

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JOHN O. NELSON

A Lesson in TIME

On the Current Frenzy to Multiply Government Regulation

A VERITABLE FRENZY to multiply government regulation presently rules almost every electorate and every legislature. What are we to say of this obsession? We might point out that it has a close affinity to the practices of socialism. But is it, therefore, wrong? May it not be justified? Is not law a good, something we all desire? Let us examine the last question first.

We do not desire our own oppression. That can be affirmed with certainty. Do government laws oppress us? And if so, all laws, or only some? The answer is: some do, and some do not.

Some government laws prohibit what we find it no effort not to do and command what we find it no effort to do. There are, for instance, laws against murder and laws that command us to drive on the right-hand side of the street.

These and like laws are not oppressive nor do we find them to be. But plainly, many laws that are legislated by government do exact from us an effort in our obeying them. The farmer, for example, has to curtail or ignore his own judgment and desires in obeying laws that tell him just how much he may plant. That takes effort. And so does having to measure his acreage, having to fill out the many forms that always accompany such laws, and so on. When a law exacts effort from us it is, to that extent, oppressive. Thus, we may conclude that most current government regulation is oppres-

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sive. Moreover, even laws that taken separately might not be oppressive become oppressive when multiplied sufficiently. It does not require any particular effort, for instance, to drive on the right-hand side of the street; but if this regulation is combined with a hundred others as innocuous, just keeping in mind what all the regulations are and attempting to obey them all requires effort. Thus, we find oppressive the mere number of laws and regulations.

What justification is offered, then, for this present insistence on multiplying laws? A typical excuse is that without government regulation men's lives and affairs must lapse into chaos. This prevalent belief makes it seem incumbent that every nook and cranny of our lives and affairs be regulated by government, no matter how oppressive such regulation may be; for nothing, we shall be inclined to admit, is worse than chaos. I take exception to the belief that without government regulation men's affairs and lives must lapse into chaos. How, though, can the validity of my view be demonstrated?

If we could cite a case where order in a certain area of men's affairs prevailed without government regulation, we should have gone a long way in substantiating our claim. But, even more conclusive would be to cite a case where government actually opposed private efforts to produce order out of chaos and, yet, order was produced. For this case would be tantamount in kind to what is sometimes called a "crucial experiment" in science. All important variables would be accounted for and controlled: a certain chaotic condition in man's affairs; private effort; and government action. A determinate result would be obtained through the direct agency of private effort — namely, order where there had been chaos. Since government action was moving in an opposite direction to private action with respect to the result obtained, it could not be held that government action was somehow *indirectly* the cause of this result. Thus, private effort must have been the cause; and hence, government regulation could not be claimed to be the necessary condition of order in men's affairs.

A Time to Remember

Let us envisage, first, the possible case of every city and general locality in the United States having its own time, determined by the position of the sun at noon. And let us compound this variety of times by supposing that a vast network of railroads exists and that each railroad employs the time of its home terminal in all its

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operations and schedules. In picturing this state of affairs, we picture – I think it must be agreed – a temporal chaos. We may suppose, moreover, that this chaotic multiplicity of times would impose almost unsupportable burdens on travelers, shippers, and the railroads. Presumably, we have been envisaging a mere possibility. Has any such state of temporal chaos ever in fact existed in the United States? A look at history reveals that it has.

Before 1883, local time – that is, time determined by the local noonday position of the sun – prevailed throughout the United States. Thus, there were more than 26 local times in Michigan, 38 in Wisconsin, 27 in Illinois, and 23 in Indiana. A traveler going by rail from Maine to California had to change his watch 20 times during the trip if he meant to keep accurate time. In addition, each railroad operated its trains according to the local time of its home terminal. The Pennsylvania Railroad, whose home terminal was in Philadelphia, employed a time that was 5 minutes slower, for example, than New York's, the home terminal of the New York Central, and 5 minutes faster than Baltimore's, the home terminal of the Baltimore & Ohio. Not surprisingly, this multiplicity of time standards confounded passengers, shippers, and railway employees alike. Errors in keeping time and correlating local times resulted in innumerable inconveniences and costly disasters. Passengers missed trains in wholesale lots; the trains themselves frequently collided.[1]

Something obviously had to be done. Given our contemporary prejudices, we would naturally think that government had to step in and did step in to bring order out of chaos by legislating the time zones with which we are familiar today. But not so at all.

What actually happened was poles apart. By 1872, a majority of railroad executives were convinced that some system of time zones should be established. A meeting of railroad superintendants was convoked in St. Louis, calling itself initially the Time-Table Convention and later the General Time Convention. Under the guidance of its secretary, William Allen, former resident engineer of the Camden & Amboy Railroad, plans were drawn up to eliminate the chaotic multiplicity of local times. The first plans projected the adoption of time zones bounded by meridians an even hour apart. None of these plans passed the muster of close examination. Finally, in 1881, Allen con-

[1] See, Stewart H. Holbrook, *The Story of American Railroads* (New York: Crown Publisher, 1947), pp. 354-55.

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ceived the idea of five time zones based, not on theoretical considerations, but practical knowledge of geography, economics, the location of large cities, and the general habits of the populace. The plan provided for time zones roughly divided at the 75th, 90th, 105th, and 120th meridians west of Greenwich and thus falling approximately on the longitudes of Philadelphia, Memphis, Denver, and Fresno. The General Time Convention adopted Allen's plan on October 11, 1883, and selected the noon of November 18 as the moment it should go into effect. At that precise moment the railroads, all acting in perfect concert, changed their operations and schedules from local to the new time.[2]

Let us note: this regulation of time initiated by the railroads was a purely private undertaking. The new time zones had no force of law. No one except railroad employees was compelled to set his watch by the new standards. What, then, was the response of the general public? Except for a few preachers who thundered that the change of time "was a lie" and "un-Christian," a few newspaper editors who objected that the railroads were tyrannically dictating time to 55,000,000 Americans and should be stopped by law from doing so, and some local politicians who cried that the act was "unconstitutional, being an attempt to change the immutable laws of God Almighty and hard on the workingman by changing day into night"[3] – a typical political misinterpretation of plain fact – except, in short, for the predictable fulminations of some local politicians, clerics, and journalists, the general public found the change good and adopted it. Without being forced, people by and large set their watches by the new railroad time; towns and cities followed – indeed, had to follow – suit.

Government's Role

Now, all this time, what was the attitude or response of government? As we have already noted, some local governments and their officials opposed the new dispensation, though the opposition proved ineffective. What about the Federal government? Surely – behind the scenes at least – it must have loaned a helping hand to the Time Table Convention and encouraged or indeed inspired the bringing of order out of chaos! But, again, not so. In fact, the very opposite. Let me quote from Holbrook's illuminating account:

> The traveling public, and shipper too, quickly fell in with the new time-

[2] *Ibid.*, pp. 355-56.

[3] *Ibid.*, p. 356; see also p. 357.

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belt plan, and naturally found it good. But Uncle Sam wasn't ready to admit the change was beneficial. A few days before November 18th the Attorney General of the United States issued an order that no government department had a right to adopt railroad time until authorized by Congress. The railroads went right ahead with the plan, and the Attorney General, according to a good but perhaps apocryphal story, went to the Washington depot late in the afternoon of the 18th to take a train for Philadelphia. He was greatly astonished, it was reported, to find he was exactly 8 minutes and 20 seconds too late.[4]

It might be added that on March 19, 1918 – a full generation after the general adoption of railroad time by the country – Congress passed the Standard Time Act, which gave (to what purpose, it is hard to see) a government commission power to define by law the boundaries of each time zone. One is reminded here of a plagiarist who, having stolen and in the process mangled another man's work, then takes credit for its creation.

We have demonstrated as conclusively as such things can be demonstrated that government regulation is not necessary to the existence of order in men's lives and affairs. The belief that it is, therefore, is false. Does it follow that we have shown that the current multiplication of oppressive government regulation is unjustified? Not quite. We have shown that this current practice is not justified by the belief that without government regulation men's affairs would lapse into chaos.

It might be claimed, however, that the present multiplication of oppressive law can be justified on other assumptions. For example, it might be argued that though private effort as well as government regulation can produce order in men's affairs, government regulation can produce greater order, or greater safety, or greater security, or greater prosperity; and that, on these grounds, the multiplicity of government regulation currently taking place is justified, even though oppressive. Now, I am sure that each of these claims can be shown to be absolutely false. I merely want to point out that we have not shown this in the present paper. Our results have thus been more limited.

The many-headed monster of socialistic misconception which dominates the modern mind is not likely to be slain by one blow. However, cutting off one of its heads is a step toward its eventual destruction. We have, I believe, lopped off the most central and voracious one. ◈

[4] *Ibid.*, p. 359.

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EQUALITY?

EDWARD Y. BREESE

LIBERTÉ, Fraternité, Egalité, the Jacobins proclaimed, and set about oiling the brand new guillotine. These were stern and practical men when it came to the daily mechanics of revolution. Some of their professed ideas might take their heads into the clouds, but their actions instinctively conformed to the realities of a troubled time.

They knew, without troubling to theorize, that political equality in their time could only be had by the knife. The man who wants to level a forest can't possibly jack up all the immature or stunted trees. It's a lot more practical to try cutting the tops out of those which tower above the rest. This way, equality of a sort can ultimately be achieved.

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In the end, of course, it will have to be equality at the level of the smallest and weakest trees.

Equality among people in their relations with each other is also likely to be at their lowest common level.

It is only in the ancient, pre-Christian era that we find examples of people who sought equality by pruning out the weaker growth rather than the stronger. The Spartans eliminated at birth those who could obviously not grow up to be warriors or the breeders of warriors. So, according to report, did the Amazons.

There are occasional reports of other primitive tribes living at such marginal levels that all who could not "pull their weight" had to be ruthlessly eliminated to ensure the survival of the group.

If equality is really desirable per se – and I'm not trying to say that it is – this cutting away of

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weak and defective units would seem the logical method for humanity to follow. It would improve the norm of achievement and the available breeding stock at a progressive rate as the generations passed. It *is* logical.

Fortunately, or unfortunately, as you wish, I doubt that it is practical in the twentieth century of the Christian ethic. We have been taught too long and too thoroughly that it should be "women and children first in the lifeboats."

A full generation of political and economic socialism and monolithic statism in our own day has capped the process of indoctrination.

This is why I am continually puzzled by the current semantics of "equality." In a day and age of careless and sloppy usage, it's hard to tell just what is meant by the word.

The professed intellectuals and "liberals" appear to mean an equality of humanity at four levels: economic, political, educational, and social. But they have not explained why equality at *all four* levels would be desirable for humanity as a whole.

They are less frank – and considerably less clearheaded – than were the Jacobins or the followers of Toussaint or Spartacus. None of them come right out and say the equalizing should be accomplished by beheading the tall trees. Some of them may not realize that this is the only way it could be done.

There also seems to be a high level of confusion as to just how this alleged latter-day paradise is to be brought about. They are agreed upon certain *a priori* assumptions as to the desirability and necessity of reaching their goals. Question these, and you're promptly labeled bigot and enemy of the race. But their own thinking as to pragmatic implementation of the Four Equalities is both primitive and fragmentary.

Educational Equalization

I have heard it seriously advanced that equality of education at the highest level can be reached by requiring the top universities to lower their admission and scholastic requirements, even to the point of abolishing competition and grades. If this is only done, its advocates hold that even the educationally and mentally "disadvantaged" can receive a top level education (?) at Princeton or M.I.T.

The question mark (?) above is mine. There is no question in the minds of the proponents of this absurd doctrine. Specifically, I question what education, if any, could possibly be obtained at an

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institution which had obligingly adjusted itself downward to the lowest common level.

I won't try here to pursue this thought further or to question equality at the social and political levels. But, I want to examine some of the possible results of fuzzy thinking about "economic equality."

First of all, any such thing is manifestly impossible. Even its greatest advocates are presently admitting this in practice, if not in theory. Any economic system – no matter what it may be called – has to embody three classes of people.

There must be primary producers (i.e., workers) who use synthetic or extractive processes for the alteration of raw material into finished goods or who provide services. Some of these will be better rewarded than others, if for no other reason than the differing utility of the products.

There will be drones – some, through no personal fault, as with the very old and very young. Others will seek support out of laziness or antisocial tendency. In any case there *will* be drones in even the most efficient organization.

Finally, there will have to be a class of entrepreneurs or managers. This is one human function which cannot be built into a cybernetic machine or delegated to even the most sophisticated of robots.

Grant this, and it becomes obvious that "economic equality" in any society must be stratified in at least these three levels. It may be possible, though I doubt it, to force all workers to labor for one wage. But they may never be expected to work for an income no better than that of the drones, for they, too, would become drones in that case. Nor will the managers exercise their specialized abilities without tangible and measurable reward.

In Contrast to Russia

Let any doubter study the present managerial class within the Soviet Union. Let him especially ponder the results of surveys which show the "commissar" class nearly psychologically, temperamentally, and motivationally identical with their Western counterparts in the "executive" ranks.

Yet, this impossible leveling process is inherent in any such proposal as a "guaranteed annual income" for all Americans. Put such a system into operation, and more and more individuals will stoop to take advantage of it.

As the drones increase, so will the burden upon the backs of the remaining workers and managers. More and more of their produce

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will be diverted to the nonproducers. This process has its own built-in breakdown factor. The end has to be disaster for all.

Opportunities Earned

What about "equality of economic opportunity"? Of all things, this sounds the most possible, the most beneficial to all, and the most nearly in line with the ideals of a free society. Up to a point, it certainly is.

"Equality of opportunity," however, cannot be *given,* any more than can freedom, education, courage, or status. It has to be earned or made for oneself by the individual concerned. Neither liberty nor intelligence can be legislated. Nor can equality of any sort except at a dead bottom level.

Attempts to work out an elaborate legal or social system to ensure any sort of equality are inevitably self-defeating. Humanity could save itself endless struggle, suffering, and frustration if this truth were recognized.

Once the issue is seen clearly, there is something we *can do* about equality of opportunity. We can strive to establish a system which will enable each individual to advance to the limit of his own capacity and ability. We can thus aid each one to be and become and achieve to the *upper limit* of his potential. This is what Plato defined as "justice." And this is the only way in which those at every level can be raised.

There's really no mystery about how such a favorable climate can be attained. It's been done – right here – only a little while ago as history runs. Our Founding Fathers opened American life to the freest economic system yet attempted by any people.

As long as we held to the free, competitive economy our people, as individuals and as a whole, made giant strides. Our society was both vertically and horizontally mobile and fluid. The net result was growth, progression, achievement.

Only when we attempted to accelerate or improve the process by coercive legislation did our troubles begin. A free economy can no more operate within a tight framework of regulatory law than can a man bound in a strait-jacket. The natural, beneficial processes of open competition are fatally inhibited by controls.

Individuals must be free to help themselves if mankind is to be elevated. ◈

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IF YOU SCRATCH a historian, you find a politician. At least that's the way it's been ever since the New Deal and the New Economics conquered the academy. Arthur Schlesinger, writing about the Age of Jackson, couldn't resist imposing the face of Franklin D. Roosevelt on Old Hickory. Hard Money and Free Enterprising Democrats of the eighteen thirties were turned into partisans of the New Frontier and the Great Society. William Graham Sumner, who attacked the plutocracy of his day and actively opposed the Spanish-American War, was transmogrified by our Richard Hofstadters and our R. G. McCloskeys into a Social Darwinist and an imperialist. The Populist tracts celebrated in Vernon Parrington's *Main Currents in American Thought* figured in a whole literature of the nineteen twenties and thirties as the Wave of the Future. So it has gone for two or three historiographical generations.

The rage to turn the past into the present has made for lively controversy, and helped many a man to a Ph.D. No doubt it is a sure cure for unemployment in Academe, for, if the past has always to be made over into a blueprint for what is going to happen next week, it means that the history books must be changed every decade. But what happens to the Exterior View in all this chopping and changing? How can we treat our ancestors with simple understanding of their own reactions to their own contemporary problems? How can we read reality into their economics, their morality, their religious feelings?

In his *The World of Andrew Carnegie: 1865-1901*, Louis M.

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Hacker has addressed himself to the tremendous task of explaining the most symbolic of our nineteenth century competitive enterprisers in terms of the intellectual and moral forces that beat in upon him. This isn't designed to be a history of the Carnegie Steel Company, though you will find such a history in it. What Louis Hacker has done is to reconstruct the ethos of an era, giving us long and detailed sections on what was being said and done by judges and law courts and labor organizers and farmers and railroad men and bankers and schoolteachers and clergymen to enforce the so-called Puritan ethic of nineteenth century America. The socialists and anarchists are here, too, but mostly as a premonitory growl off stage. Hacker does not overestimate their importance as of the eighteen eighties merely because America became something else after Andrew Carnegie had passed from the scene.

ANDREW CARNEGIE

Behind the Clichés

The ground-breaking importance of Louis Hacker's book derives from the author's willingness to get behind the clichés of a full half-century of historical writing. We have been told often enough that the development of the United States in the post-Civil War period was achieved at the expense of the farmers. This is the Populist version of history. The farmer, so the legend runs, sold his product in a world market at low prices and bought his machinery in a protected market at high prices. To continue the legend, the railroads rooked him with high freight charges. Moreover, since the railroads had cornered much of the best land, getting alternate sections as free gifts along their rights of way, the farmer supposedly couldn't add to his acreage without mortgaging himself to the hilt. With the cards stacked against him, the farmer had to go into politics. He created his Farm-

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ers' Alliances, his Granges, his Populist Party organizations – and eventually captured the government in Washington when the old Populist platforms were taken over by the New Deal.

The only trouble with this history, as Louis Hacker shows, is that it doesn't fit the facts. True enough, we had high tariffs in the late nineteenth century. But the U.S. market was so big and so wide, and there were so many competitive units, that the tariff did not have much effect on the price level once American companies had grown beyond the "infant industry" stage. By 1880, says Hacker, the U.S. was making more Bessemer rails than Great Britain; by 1890, more pig iron; and by 1895, our prices for both were lower than those of the British. While industrial prices in this country were dropping in the 1870-1900 period, the value of America's farm plant – in land, buildings, animals, implements, and machinery – increased 104 per cent in constant dollars as compared with 24 per cent for 1900-20. The Gross Product per farm worker increased 60 per cent in the four decades following the Civil War.

Agrarian Mythology

As for land, it isn't true that the railroads made a killing at the farmer's expense out of the domain they got for next to nothing. The railroads did everything they could to promote settlement of the West, establishing land departments and selling their land grant windfalls on easy terms. Meanwhile, freight rates went down along with the interest rates charged by the banks. If the growth of check money is made part of the post-Civil War equation, there was an expanding currency throughout the whole period of squawking about the demonetization of silver and the desirability of retiring the Greenbacks.

Since Louis Hacker can quote yards of statistics to bear him out, how are we to account for the agrarian radicalism that colored the latter years of the nineteenth century? Mr. Hacker points out that the old Middle Border states – Wisconsin, Illinois, Michigan, Indiana, Ohio – did not go for the Bryanite nostrums. Populism, which swept the Mountain States, the High Plains states, and the South, had special causes that were bound up with the drought cycle in the treeless plains and the crop lien system wherever cotton was grown. The western farmer went into politics because he was a disappointed speculator. He had sold his Indiana or Iowa land for a high price and had moved out into western Kansas or Dakota in

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hopes of repeating his real estate killing. But the drought cycle caught up with him in the late eighties. The U.S. Army engineer and geologist, John W. Powell, had predicted the return of drought conditions to what had once been called the Great American Desert, and Powell was a true prophet. When the rains ceased to come after 1887, the speculator farmers streamed back East to complain to the politicians.

The disappointed land speculators found eager allies in the western silver mine lobby and among the tenant farmers of the South. The villains, of course, were the Gold Bugs, the Wall Streeters, the "international bankers." The cry went up that only a national circulating medium that amounted to $50 per person would prevent depression. But, as Louis Hacker shows, there was no dearth of money in a country in which "the steady increase of bank deposits and of the substitution of checks for notes kept the total money supply at a high level." Bryan failed in 1896 because the country saw through the Populist delusions.

Remarkable Progress

The Hacker conclusion is that there wasn't very much the matter with America in the post-Civil War period. Competition had served the public well. The "robber barons" took their profits, but these were plowed back into industry – and "the American people and the American economy were the real gainers."

The facts being what they were, it is small wonder that the American Federation of Labor, which believed in pushing for higher wages that would have come with increased productivity anyway, should survive where the more Marxian labor movements expired.

Mr. Hacker fleshes out his story of Carnegie's world with a wealth of fascinating detail. There are beautiful biographies of jurists (example: Supreme Court Justice Stephen J. Field), of sociologists (William Graham Sumner), of Populist radicals (Ignatius Donnelly). There is a whole section devoted to the growth of the Carnegie steel companies up to the time of their merger with the Morgan-Gary-Moore companies to make up the United States Steel Corporation.

With the growth of Big Government, everything has been changed. Mr. Hacker doesn't think the modern world is necessarily an improvement on the world that created Andrew Carnegie. But whatever our opinions may be, Carnegie's world deserves a more patient understanding than it has

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received from our recent historians. Mr. Hacker has written a great book that will become more definitive as our perspectives clear. ◈

▸ THE BALANCE OF PAYMENTS: FREE VERSUS FIXED EXCHANGE RATES by Milton Friedman and Robert V. Roosa (Washington, D. C.: American Enterprise Institute for Public Policy Research, 1967), 200 pp., $4.50.

Reviewed by Mary Jean Bennett

THE PLIGHT of the dollar, as mirrored in the great international money crisis and long persistent U.S. balance of payments deficits, has aroused all manner of debate and actions such as removal of the 25 per cent gold cover from our currency, curbs by the President restricting private overseas lending and investing, and possible restrictions on foreign travel.

Debate has ranged from protectionism to cutting loose from gold altogether – i.e., letting the exchange rate of the dollar seek its own level, "floating" among the currencies of the world.

The issue of fixed versus floating exchange rates was skillfully debated at length last year in a public forum sponsored by the American Enterprise Institute for Public Policy Research. On the rostrum were two articulate and highly knowledgeable debaters: fixed-rate defender Robert V. Roosa, former Under Secretary of the Treasury for Monetary Affairs under Presidents Kennedy and Johnson and now a partner of Brown Brothers Harriman and Company in New York; and floating-rate defender Milton Friedman of the University of Chicago, former president of the American Economic Association, adviser to Goldwater during the 1964 campaign, and now a columnist in *Newsweek*.

Both Roosa and Friedman bemoan the accumulated U.S. payments deficit of more than $37 billion since 1950. This tremendous sum has been financed by payments from our gold stock, down by more than half to less than $12 billion, and by a vast build-up in short-term dollar liabilities, up to more than $30 billion. These claims could easily withdraw all the remaining gold in official U.S. monetary reserves – given further breaches of foreign confidence in the dollar.

The accumulated deficit also has been "covered" by complex and oftentimes unpublicized central bank arrangements including currency swaps, "Roosa bond" flotations, and London gold pool

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■ Our gold position and the precarious situation the dollar is in are effects, not causes. They are the consequences of unsound fiscal and monetary management that has been going on for not less than two decades — management that has been very deceptive and illusory to the American people, even to those in responsible private business and financial positions who should have known better than to subscribe to or to condone what was being practiced. Now ironically it is pressure from the outside that is exposing what we should have realized from the inside long ago.

What happens to the official value of the dollar is not what should be worrying us most. What De Gaulle and others do to our gold supply is superficial. Rather we should be vitally concerned (genuinely worried) with why the official value of the dollar is threatened.

ARTHUR H. SMITH, Senior Vice-President and economist of the First National Bank in Dallas, from a guest editorial in *The Dallas Times Herald*, March 17, 1968.

contributions. In addition, there has been a rising tide of payments controls ranging from the Interest Equalization Tax legislated in 1963 to Congressional questioning in 1968 on whether Aunt Louise from Des Moines should be quite free to travel abroad this summer.

At this point, the two debaters part company. Roosa is a defender of the status quo, of the current fixed rate system, of what the Administration has done to plug the payments gap. He comes out foursquare for a new international "paper-gold" currency unit to help expand international liquidity and sustain growing world trade. (Since the debate, Roosa's successor, Treasury Under Secretary Frederick L. Deming, has also endorsed without reservation the new Special Drawing Rights (SDR's) authorized by the Inter-

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national Monetary Fund meeting in Rio last September.)

Professor Friedman, deft innovator and free market exponent that he is, wants a sharp break with the status quo. He blames the persistent U.S. balance of payments deficits on fixed exchange rates, on what he calls bureaucratic price fixing. He holds that currency exchange rates should become free market prices determined primarily by private dealings the world over. He argues that the payments problem would yield to floating exchange rates because there could not be a surplus or a shortage in the sense of eager buyers unable to find sellers or eager sellers unable to find buyers; fluctuating prices would stir the necessary eagerness. In addition,

> Floating exchange rates would put an end to the grave problems requiring repeated meetings of secretaries of the Treasury and governors of central banks to try to draw up sweeping reforms. It would put an end to the occasional crisis of producing frantic scurrying of high governmental officials from capital to capital, midnight phone calls among the great central banks lining up emergency loans to support one another's currency.

To put it mildly, Friedman's position doesn't sit well with Dr. Roosa. Fixed-rate defender Roosa, while conceding the fixed-rate system is far from a perfect model, says that at least it provides an established scale of economic measurement, easily translatable from one nation to another, enabling merchants, investors, and bankers of one country to do business with others on known terms – knowing, for example, with reasonable accuracy just how many Japanese yen would be equivalent to one Swedish kroner or one Mexican peso.

In other words, contends Dr. Roosa, without fixed exchange rates international trade and investment would deteriorate. Merchant, investor, banker, and foreign exchange dealer would grope for the exchange rate that would enable them to make workable economic calculations. Uncertainty would foreclose many a deal. Hedging through forward exchange transactions would be all but impossible because no exchange dealer could handle wild currency swings.

"I am very much afraid," says he, "that the rate for any currency against all others would have to fluctuate so widely that the country's own trade would be throttled and its capital misdirected."

Friedman rebuts, pointing to the stable Canadian currency experience from 1950 to 1962 when

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the Canadian dollar "floated," and to the increasing financial chaos caused by the "voluntary" investing-lending guidelines of President Johnson (further aggravated since then by the new mandatory controls announced on New Year's Day). Clearly, Friedman gets the upper hand in the argument.

So the brilliant debate goes, pro and con, rebuttal and counter-rebuttal, including some incisive questioning of the intellectual adversaries themselves by competent forum participants. One question overhanging the debate like the sword of Damocles was not raised but maybe its answer was too obvious. That question is: Whither the dollar? ◈

▸ THE LAST HERO: CHARLES A. LINDBERGH by Walter S. Ross (New York: Harper & Row, 1968), 402 pp., $7.95.

Reviewed by Robert M. Thornton

CHARLES LINDBERGH has been in the public eye since 1927 when he piloted a single engine plane nonstop across the Atlantic from New York to Paris. A tragic kidnapping case five years later brought unwanted publicity; and during the period just before Pearl Harbor Lindbergh was involved in the controversy over American foreign policy. These things most of us know, but there is much more to Lindbergh's life than has appeared in the headlines.

There is, for instance, Lindbergh's pioneering work in the early days of two modern-day wonders: organ transplants and space travel. Lindbergh worked with French scientist Alexis Carrel during the nineteen thirties in the development of a perfusion pump to keep organs alive outside the body. He was helpful also in securing financial backing for Robert Goddard's experiments in rocketry and offered much-needed encouragement to the neglected inventor. And all the while Lindbergh has been an enthusiastic promoter of aviation science, choosing to earn his pay as a commercial airline consultant rather than seeking a big salary for the use of his name. His goal has ever been real accomplishment, not mere fame and fortune.

Ross called Lindbergh "the last hero" because the flight across the Atlantic was so much a one-man feat. Lindbergh raised the money to finance the flight, helped to design and build his plane, *The Spirit of St. Louis,* plotted his own course, provisioned his plane – planned the entire trip with remarkable care for detail. No disparagement of today's astronauts is intended, but they can function only as members of a huge team

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backed by billions of dollars in taxpayers' money, corps of technicians, and batteries of computers. And Lindbergh was a hero because years of adulation did not shake his integrity. Nor did strong opposition prevent him from relying on his own judgment, even at the risk of his life. We can better understand his spirit of independence after reading how he was raised. Lindbergh senior believed a youngster should learn responsibility at a tender age, and young Charles was encouraged to act on his own initiative.

Contrary to his public image, Lindbergh is not withdrawn or aloof. In the weeks after his solo flight to Paris, when he was almost held in reverence by everyone he met, a flying buddy from early days delighted him by a bit of roughhouse after Lindbergh had accidentally sent him tumbling. How much better this, said Lindbergh, than to be treated like royalty. And, too, Lindbergh was fond of pulling practical jokes on his friends and family. Here was a warm, sensitive human being forced by the poor taste of reporters, columnists, and newspaper readers to resort to all sorts of subterfuges so that his family might enjoy privacy and live a fairly normal life.

Lindbergh was one of the best-known members of America First, an organization opposing American entrance into World War II, but he put aside his objections once this country had entered the conflict. Lindbergh's opposition to the war had made him *persona non grata* with the Roosevelt administration, and he was refused a commission in the Air Force. However, a plane manufacturer did take advantage of his talents, and Lindbergh, in order to do a good job advising his employer, actually flew fifty combat missions in the Pacific Theater as a civilian! He was then in his forties — an old man among fighter pilots — but he was a skillful pilot and his experience and knowledge proved invaluable.

A people cannot survive without heroes, and it cannot flourish unless its imagination is captured by heroes of the right sort. America has had its share of such men, and Lindbergh would be the first to say that more are yet to come.

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